

23rd EAG PLENARY MEETING

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Russian Federation, Moscow



FOURTH FOLLOW-UP REPORT OF THE REPUBLIC OF UZBEKISTAN

THE FIRST MUTUAL EVALUATION OF THE REPUBLIC OF UZBEKISTAN

The Fourth Follow-up Report on the Implementation of the EAG Mutual Evaluation Recommendations

I. INTRODUCTION

1. The purpose of this document is to present to the EAG Plenary meeting the fourth follow-up report of the Republic of Uzbekistan (for removing it from the follow-up process) which describes the measures taken by Uzbekistan for eliminating the deficiencies revealed in course of the mutual evaluation and reviews the progress achieved in implementation of the Core and Key Recommendations with PC (partial compliance) and NC (non-compliance) ratings.
2. The review and assessment was conducted by the expert team consisting of the representatives of the EAG-member countries: Vadim Andreevich Tarkin (legal expert) and Timur Kazbekovich Kurmaniyazov (financial expert). The experts examined and reviewed all materials (laws, regulations, resolution and other documents) provided by the Republic of Uzbekistan.
3. The dates of consideration and adoption of the reports:
 - The mutual evaluation report (MER) of the Republic of Uzbekistan was adopted by the 12th EAG Plenary meeting in June 2010;
 - The first follow-up report of the Republic of Uzbekistan was adopted by the 13th EAG Plenary meeting in November 2010;
 - The second follow-up report of the Republic of Uzbekistan was adopted by the 17th EAG Plenary meeting in November 2012;
 - The third follow-up report of the Republic of Uzbekistan was adopted by the 21st EAG Plenary meeting in November 2014.
4. As for the FATF Core and Key Recommendations, the Republic of Uzbekistan was rated PC (partially compliant) with Recommendation 5 (Customer due Diligence), Recommendation 10 (Record Keeping), Recommendation 23 (Regulation, Supervision and Monitoring), Recommendation 40 (Other Forms of International Cooperation), Special Recommendation I (Implementation of UN Instruments) и Special Recommendation III (Freezing and Confiscation of Terrorist Assets). Uzbekistan was rated partially compliant (PC) and non-compliant (NC) with **twenty two** Recommendations, as indicated below.

Partially compliant (ЧC)	Non-compliant (NC)
<i>Core Recommendations</i>	
R.5 (Customer Due Diligence) R.10 (Record Keeping)	
<i>Key Recommendations</i>	
R.23 (Regulation, Supervision and Monitoring) R.40 (Other Forms of Cooperation) SR.I (Implementation of UN Instruments) SR.III (Freezing and Confiscation of Terrorist Assets)	

<i>Other Recommendations</i>	
R.8 (New Technologies & Non Face-to-Face Business) R.11 (Unusual Transactions) R.12 (DNFBP– R.5, 6, 8-11) R.15 (Internal Control, Compliance & Audit) R.16 (DNFBP – R.13-15 & 21) R.17 (Sanctions) R.24 (DNFBP - Regulation, Supervision & Monitoring) R.25 (Guidelines & Feedback) R.29 (Supervisors) R.30 (Resources, Integrity & Training) R.32 (Statistics) R.33 (Legal Persons – Beneficial Owners) SR.VI (AML Requirements for Money/Value Transfer Services) SR.VIII (Non-Profit Organizations) SR.IX (Cross Border Declaration & Disclosure)	R.6 (Politically Exposed Persons)

5. The fourth follow-up report covers the period since June 2010 through July 2015. The laws and regulations adopted by the Republic of Uzbekistan in the reporting period were aimed at harmonizing the national legislation and bringing it in line with the requirements of the basic AML/CFT law and the international AML/CFT standards.

II. OVERVIEW OF PROGRESS MADE BY THE REPUBLIC OF UZBEKISTAN SINCE JUNE 2010 THROUGH JULY 2015

6. This section highlights the most important steps undertaken by the Republic of Uzbekistan since 2010 for eliminating the deficiencies revealed in course of the mutual evaluation.

Overall Context

7. In the reporting period, the following laws and basic regulations of the Republic of Uzbekistan were amended and modified:
- Civil Code;
 - Code of Administrative Liability;
 - Tax Code;
 - Audit Law;
 - Joint Resolution No.39/2013-27/01/19-26/02 of the RU Finance Ministry, the State tax committee and the State committee for privatization, de-monopolization and promotion of competition dated 24.04.2013 (registered with the Ministry of Justice on 22.07.2013, Reg. No.1842-2) on modifications to the regulation on imposition of sanctions against insurers for breaching the insurance legislation;

- Joint Resolution No.4/2 / 6 of the RU Central bank board and the Department for combating tax and currency crimes and money laundering under the RU General Prosecutor's office dated 16.02.2013 (Reg. No.2027-3 dated 28.03.2013) on amendments and modifications to AML/CFT internal control rules (ICR) for non-bank credit institutions;
 - Joint Resolution No.34-mx, 14 of the RU State committee for communications, information and telecommunication technologies and the Department for combating tax and currency crimes and money laundering under the RU General Prosecutor's office dated 24.06.2013 (Reg. No.2032-2 dated 12.06.2013) on amendments and modifications to the AML/CFT ICR for postal service operators and providers;
 - Joint Resolution No.01/27-26/10, 8 of the RU State committee for privatization, de-monopolization and promotion of competition and the Department for combating tax and currency crimes and money laundering under the RU General Prosecutor's office dated 18.03.2014 (Reg. No.2257-1 dated 18.04.2014) on amendments and modifications to the AML/CFT ICR for real estate entities;
 - Joint Resolution No.01/27-26/11, 9 of the RU State committee for privatization, de-monopolization and promotion of competition and the Department for combating tax and currency crimes and money laundering under the RU General Prosecutor's office dated 18.03.2014 (Reg. No.2038-2 dated 18.04.2014) on amendments and modifications to the AML/CFT ICR for stock exchange members;
 - Joint Resolution No.5, 15 of the RU Ministry of justice and the Department for combating tax and currency crimes and money laundering under the RU General Prosecutor's office dated 19.05.2014 (Reg. No.2020-2 dated 27.05.2014) on amendments and modifications to the AML/CFT ICR for notaries and lawyers;
 - Order No.20 of the Department for combating tax and currency crimes and money laundering under the RU General Prosecutor's office dated 11.09.2014 (Reg. No.2034-2 dated 23.09.2014) on amendments and modifications to the AML/CFT ICR for precious metals and precious stones dealers.
8. The following regulations were adopted in the Republic of Uzbekistan:
- RU Presidential Resolution No.PP-1914 of 30.01.2013 on measures for further liberalization of sale of foreign currency to natural persons;
 - Resolution No.355 of the RU Cabinet of Ministers dated 19.12.2012 on adoption of the statute of the state committee for communications, information and telecommunication technologies and the statute of the state inspectorate for supervision of communications, information and telecommunication technologies;
 - Resolution No.16 of the RU Cabinet of Ministers dated 23.01.2013 on administrative measures for implementing the agreement on the Eurasian Group on combating money laundering and financing of terrorism;
 - Resolution No.56 of the RU Cabinet of Ministers dated 10.03.2014 on adoption of the procedure of obtaining authorizations and permits by business entities in banking sector;
 - Joint Resolution No. 2013-7, 01-02/19-22, 7/4 of the State tax committee, the State customs committee and the RU Central Bank Board dated 05.04.2013 (Reg. No.2467 dated 12.06.2013) on adoption of the regulation on monitoring of reasonableness of foreign exchange transactions carried out by individuals and legal entities;
 - Joint Resolution No.328-V, 20 of the RU Central bank board and the Department for combating tax and currency crimes and money laundering under the RU General Prosecutor's office dated 02.10.2013 (Reg. No.2528 dated 21.11.2013) on adoption of AML/CFT ICR for commercial banks;
 - other regulations.

Core Recommendations (R.5, R.10)

Recommendation 5 (Customer Due Diligence)

1. The list of cases for application of the CDD measures to certain financial institutions is not sufficient:

Commercial banks are not required to apply the CDD measures to certain foreign exchange transactions (changing money and conversion);

Members of stock exchange are not required to apply the CDD measures when establishing business relationships;

Professional securities market players are not required to apply the CDD measures when conducting one-off transactions.

9. Pursuant to clause 2(b) of the ICR for commercial banks (Reg. No.2528 dated 21.11.2013) banks are obliged to independently undertake CDD measures when carrying out one-off transactions, including those involving change, exchange and (or) conversion of foreign currency cash by individuals, in amount equal to or exceeding 25 minimum wages (1,000 euro equivalent).
10. As for the stock exchange members, clause 16 of the ICR(as amended by joint Resolution No.01/27-26/11 of the RU State committee for privatization, de-monopolization and promotion of competition and the Department for combating tax and currency crimes and money laundering under the RU General Prosecutor's office dated 18.03.2014) obliges them to undertake CDD measures when establishing business relationships and carrying out one-off transactions in amount equal to or exceeding 50 minimum wages (15,000 euro equivalent).
11. Joint Resolution No.2010-20, 32 of the Securities market coordination and development center under the State committee for privatization, de-monopolization and promotion of competition and the Department dated 06.11.2010 (Reg. No.2033-1 dated 19.11.2010) introduced a new provision into clause 12 of the ICR for professional securities market players that obliged them to conduct CDD when carrying out one-off transactions with securities.
12. Thus, the deficiencies are eliminated.

2. The list of identity data to be requested from customers of financial institutions (except for credit institutions) is not extensive enough.

3. There is no mechanism for applying the CDD measures to cases involving attempts to execute transactions.

4. Not all financial institutions in Uzbekistan are required to ascertain whether a customer is acting on its own behalf or not, as well as clarify the ownership and management structures of customers (legal entities).

13. The ICR adopted for all financial entities contain the provisions according to which individual customers shall be identified against the ID document (passport or the equivalent document). If a natural person is the individual entrepreneur, his/her government registration certificate shall also be examined. For identification of corporate customers, financial institutions are obliged to verify government registration certificates, information on form of incorporation, location and senior managers and also information indicated in the instruments of incorporation.
14. The "customer due diligence" concept is defined in all ICR as verification of identity and powers of a customer and persons, on behalf of whom he acts; identification of beneficial owner (real owner of a customer) by examining the ownership and control structure using the instruments of incorporation; and ongoing due diligence on the business relationship and scrutiny of transactions undertaken by a customer to ensure that the transactions are consistent with the available information on such customer and his/her/its business profile.
15. According to Article 7 of the AML/CFT Law the CDD measures undertaken by entities engaged in transactions with funds or other assets shall necessarily include:

- Verification of identity and powers of a customer and persons, on behalf of which he acts, by examining the relevant documents;
 - Identification of an owner of a corporate customer or a person who controls a corporate customer by examining the ownership and control structure using the instruments of incorporation;
 - Conducting ongoing due diligence on the business relationship and scrutiny of transactions with funds or other assets undertaken by a customer to ensure that the transactions are consistent with the available information on such customer and his/her/its business profile.
16. Article 13 of the AML/CFT law defines suspicious transaction as a transaction with funds or other assets that is under preparation, is being carried out or is completed, which raises suspicions, based on the indicators and criteria set out in the ICR, that it is carried out for ML or FT purposes.
 17. Besides that, all ICR contain the provisions according to which CDD measures shall be undertaken at all stages of transactions (provision of services, performing the activities), including in respect to attempted transactions.
 18. The Republic of Uzbekistan eliminated deficiencies noted by the experts in this part.
 19. It should be noted that different definitions of beneficial owner (person who controls a customer and real owner of a customer) are used in the ICR for various types of institutions. In 2013, ICR for commercial banks introduced rules that provide for the need to identify the beneficial owners of legal entity customers. According to international standards, beneficial owners should be identified in relation to natural persons.
 20. The possibility of ambiguous interpretation related to the final beneficiaries of the clients-natural persons can negatively affect the obligations on identification of beneficial owners by commercial banks.

5. Credit institutions are not required to apply any CDD measures in respect to government agencies and regulatory bodies.

21. For eliminating this deficiency, the RU Budget Code of December 26, 2013 vested the functions pertaining to monitoring expenditure of the government budgetary funds in the Accounts Chamber, the General Audit Department and the Treasury Departments of the Uzbek Ministry of Finance. The measures undertaken by these agencies for monitoring expenditure of the budgetary funds are similar to the AML/CFT measures.

6. Financial institutions are not required to request their customers to provide data as to the objective and intended nature of business relations, as well as information about the origin of funds (when necessary).

22. The ICR for financial institutions contain the provisions that allow financial institutions to request, where necessary, their customers to provide information on the origin of funds or on the origin of wealth of a customer. In particular, such provisions are included in the ICR for commercial banks (clauses 63 and 74), non-bank credit institutions (clause 42), professional securities market players (clause 13-1), etc.
23. Unlike other financial institutions, the ICR for non-bank credit institutions do not clearly specify the situations in which information on origin of funds shall be required.
24. Thus, the deficiency on the lack of requirements for financial institutions to request from their customers information on the origin of funds, where appropriate, has been eliminated.
25. In the ICR for postal service operators (clause 9), stock exchange members (clause 13), leasing companies (clause 10) establishes the duty of the persons responsible for compliance with the ICR, prompt users for information on the purpose and intended nature of the business relationship.
26. In the ICR for commercial banks and non-bank credit organizations, there is no obligation to obtain information on the purpose and intended nature of the business relationship or on the reasons for the planned operations (the reasons of the contract). Provisions of the AML/CFT Law also do not allow to conclude that this obligation is established, since the requirement to conduct ongoing due diligence on

business relationships is a separate obligation of financial institutions which is not the equivalent of the obligation to obtain information on purpose and intended nature of business relationship.

27. Thus, the deficiency of the lack of requirements for financial institutions to request from their customers information on the purpose and intended nature of the business relationship is completely eliminated only with respect to the postal service operators, stock exchange members and leasing companies. With respect to professional participants of the securities market, insurers and insurance brokers mentioned deficiencies are eliminated in part because only the relevant information requested in the application of enhanced CDD measures. With respect to the commercial banks and non-banking organizations, this deficiency is not eliminated.

7. There are no clear rules for the application of the CDD measures (monitoring customers' transactions) on an ongoing basis in the non-bank financial sector.

28. The relevant provisions related to monitoring customers' transactions as part of the enhanced CDD measures have been included in the ICR for professional securities market players (clause 13-1), insurance companies and insurance brokers (clause 16-3), stock exchange members (clause 16-1), financial leasing companies (clause 13-2) and postal service operators (clause 11-1).
29. The ICR for the aforementioned types of financial institutions and the ICR for commercial banks (clause 57) provide that the level of monitoring of transactions carried out by a customer depends on the level of risk assigned to such customer. In particular, enhanced monitoring shall be conducted in respect to high-risk customer.
30. Unlike other types of financial institutions, the ICR for non-bank financial institutions do not clearly provide that the level of monitoring of customers' transaction is dependent on the level of risk.
31. Thus, the deficiency on the lack of clear rules for the implementation of CDD measures (monitoring of customer transactions) on an ongoing basis for the non-banking financial sector is largely eliminated.

8. The requirements to apply special CDD measures to high-risk customers do not apply to all institutions of the financial sector (except for credit institutions and stock exchange).

32. In the reporting period, the provisions pertaining to application of enhanced CDD measures were introduced into the ICR for professional securities market players (clause 13-1), insurance companies and insurance brokers (clause 16-3), stock exchange members (clause 16-1), financial leasing companies (clause 13-2) and postal service operators (clause 11-1).
33. ICR do not provide procedures for the enhanced CDD measures for commercial banks. The existing provisions of the ICR for commercial banks (clause 69) contain measures similar to the enhanced CDD measures that shall be applied in a situation where a transaction is identified as a suspicious one. However, there is no direct requirement to apply such measures to high-risk customers.
34. Thus, the deficiency related to the lack of specific CDD measures to high-risk customers by certain financial institutions is eliminated with respect to professional securities market players, insurers companies and insurance brokers, leasing companies and postal service operators.
35. The ICR introduced for commercial banks in 2013. The norms establishing the procedure for the application of measures are similar to enhanced CDD measures, the need to provide for their use only in recognition of the operation as suspicious. According to the international standards, enhanced CDD measures should be applied to high-risk costumers.

9. There are no clear rules in the non-bank financial sector as to what actions the institutions involved in conducting transactions with monetary and other assets should take in the event of a negative CDD result (except non-presentation of documents for identification).

36. In the reporting period, the provisions specifying actions to be taken by financial institutions in case of failure to successfully complete CDD were introduced into the ICR for insurance companies and insurance brokers (clause 23), professional securities market players (clause 11, 19, 20, 22), stock exchange members (clause 13, 30, 31, 33), financial leasing companies (clause 10, 20, 21, 23) and

postal service operators (clause 9, 20, 21, 23). Similar provisions are contained in the ICR for commercial banks (clause 46) and non-bank credit institutions (clause 33).

37. Besides that, the provisions of the ICR for insurance companies and insurance brokers to refuse to carry out a transaction (deal) where it is impossible to complete CDD, which may be considered as the obligation to refuse to carry out one-off transaction (deal). At the same time, unlike other types of financial institutions in the ICR for insurers and insurance intermediaries is not obligation to terminate the existing business relationship.
38. For professional securities market players, stock exchange members, financial leasing companies and postal service operators, with a negative result, CDD or inability to complete the procedures for the operation considered suspicious. At the same time, the decision to terminate the business relationship in these situations is only one of the options for further action (in addition to sending the message to the authorized body and conduct enhanced monitoring of operations). This approach is not consistent with international standards, according to which if you can not complete the procedures CDD financial institutions are required to terminate the business relationship.
39. The requirements for recording the CDD results are established in the ICR for insurance companies and insurance brokers (clause 11), professional securities market players (clause 11), stock exchange members (clause 13), financial leasing companies (clause 10) and postal service operators (clause 9). The requirement to record CDD results is also inferred from the provisions of the ICR for commercial banks (Chapter X) and non-bank credit institutions (Chapter X).
40. Thus, the deficiency of lack of non-bank financial sector, clear rules on the actions of financial institutions with a negative result CDD (with the exception of non-documents for identification) is partially removed.

10. Not all subordinate acts regulating other relations (e.g. currency exchange transactions) are aligned with existing AML/CFT Law.

41. The relevant modifications that established the requirement to undertake CDD measures when carrying out all foreign exchange transactions were introduced into the Regulation on Procedure of Carrying out Foreign Exchange Transactions by Individuals adopted by RU Central Bank Board Resolution No.4/7 of 16.02.2013 (Reg. No.2437 dated 20.02.2013).

11. There is no requirement to carry out verification (check) of data submitted by the client, except for checking the identity card.

42. According to clause 32 of the ICR for commercial banks, where there are doubts about veracity of obtained information (documents), commercial banks are obliged to verify such information (documents). In such situations, commercial banks are authorized to request the relevant agencies and organizations to provide data needed for ascertaining veracity (authenticity) of customer information (documents). The requirements pertaining to verification of customer information are also established in the ICR for non-bank credit institutions (clause 23), insurance companies and insurance brokers (clauses 22 and 30-3), professional securities market players (clause 17), postal service operators (clause 17), stock exchange members (clause 22) and financial leasing companies (clause 17).
43. However, clause 22 of the ICR for insurance companies and insurance brokers authorizes and not obliges these entities to verify customer information. Besides that, banks and non-bank credit institutions are obliged to verify customer information only if they have doubts about veracity of obtained data. This may negatively affect the performance of the duties of banks and non-bank credit organizations, as well as the possibility of applying the supervisory measures.
44. Thus, the deficiency on the lack of requirement for verification (check) of information provided by the client, except for identity, is eliminated in relation to commercial banks, non-bank credit organizations, professional securities market players, postal service operators, stock exchange members and financial leasing companies. With respect to insurance companies and insurance brokers mentioned deficiency is eliminated in part because the requirement of verification is formulated as a right, not an obligation.

12. Professional participants of the securities market, members of stock exchange and operators of postal services are not required to update customer information.

45. The modifications that established the mandatory requirement to update customer information were introduced into the relevant regulations. Such provisions are contained in the ICR for professional securities market players (clause 9), stock exchange members (clause 23) and postal service operators (clause 19-4). Similar requirements are established in the ICR for commercial banks (clauses 95 and 96), non-bank credit institutions (clause 69), insurance companies and insurance brokers (clause 30-6) and financial leasing companies (clause 17).
46. In the reporting period, the requirements for application of CDD measures in respect to the existing customers were established in the ICR for insurance companies and insurance brokers (clause 16), professional securities market players (clause 13) and stock exchange members (clause 17). However, it is unclear from the language of the aforementioned regulations within what period of time the CDD measures shall be undertaken in respect to the existing customers, since no timelines are established for assigning risk levels to such customers.
47. The ICR for financial leasing companies contain no provisions requiring them to undertake CDD measures in respect to the existing customers and establishing timelines for application of such measures. Absence of this requirement may impede both compliance by financial leasing companies with this obligation and application of supervisory measures.
48. Thus, the deficiency of the lack of requirements to update client information for professional securities market players, stock exchange members and postal service operators generally eliminated. However, the rules relating to the need to apply CDD measures to existing customers, do not set the terms for such measures.

Conclusions on Recommendation 5: Taking into account the undertaken measures, Uzbekistan has made significant progress in implementing this Recommendation. However, the legislation covering these issues needs further improvement:

- different definitions of beneficial owner (person who controls the customer and the real owner of the customer) are used in the ICR for different types of institutions;
- there is no requirement to establish the purpose and intended nature of the business relationship for the commercial banks and non-bank credit organizations;
- professional securities market players, insurance companies and insurance brokers are required to establish the purpose and intended nature of the business relationship only in certain cases (when using enhanced CDD measures);
- there is no requirement for insurance companies and insurance brokers to terminate a business relationship in the case of a negative CDD result;
- termination of the business relationship with the client in the event of a negative result CDD for professional securities market players, stock exchange members, financial leasing companies and postal service operators are not clearly defined as responsibilities;
- the requirement to verify (check) customer information in insurance companies and insurance intermediaries in the form of rights not obligations.

Taking into account the progress achieved by the country to implement the provisions of Recommendation 5, the current rating of compliance can be considered at the level of "LC".

Recommendation 10 (Record Keeping)

1. There is no requirement for maintaining information in volumes sufficient for its use as evidence in criminal or civil proceedings (does not apply to credit institutions).

2. A 3-years retention period is set by certain laws and regulations, which is inconsistent with the AML/CFT Law.

49. In 2013-2014, amendments and modifications were introduced into the ICR for insurance companies and insurance brokers (clause 30-5), professional securities market players (clause 11-1), stock exchange members (clause 13-1), financial leasing companies (clause 11) and postal service operators and providers (clause 19-2). Pursuant to these amendments information on transactions with funds or other assets shall be recorded such as to permit reconstruction of individual transactions, if necessary.
50. The ICR do not specify details of transaction (customer name, address, transaction date, etc.) that shall be retained. However, the provided information and materials indicate that the scope of information that the covered entities are obliged to retain is sufficient enough for its use as evidence in criminal and civil proceedings.
51. Pursuant to Article 21 of the AML/CFT Law of the Republic of Uzbekistan (as amended on 22.04.2009) entities engaged in transactions with funds or other assets are obliged to retain information on transactions with funds or other assets and also identification data and other materials obtained through CDD for the time periods specified in the legislation, but for not less than five years after completion of a transaction or after termination business relationship with a customer.
52. Similar provisions are contained in the ICR for entities engaged in transactions with funds or other assets, in particular, in the ICR for commercial banks (clause 90), non-bank credit institutions (clause 66), professional securities market players (clause 26), stock exchange members (clause 37), insurance companies and insurance brokers (clause 32), financial leasing companies (clause 27) and postal service operators and providers (clause 27).
53. According to order No.201-31 on modifications to annex to the regulation on recording by professional securities market players of transactions (Deals) carried out by them in the securities market and retaining accounting documents issued by the general director of the securities market coordination and development center under the State committee for privatization, de-monopolization and promotion of competition (Reg. No.1915-3 dated 19.12.2014) the primary accounting documents and annexed thereto as well as documents certifying receipt of customers' funds (payment orders and instructions, bank statements, deeds, etc.) shall be retained for five years. Reports of brokers and dealers on the results of transactions with securities and on the results of sale of securities as of the specific date are retained for five years.
54. Besides that, according to Central Bank Board Resolution No.19/13 of 22.07.2015 (Reg. No.951-5 dated 05.08.2015) documents (contracts, customers' accounts, certificates, protocols, securities issue resolutions, memoranda, reviews, reports, correspondence) related to settlements, performance and registration of transactions and placement, servicing and redemption of government-issued securities shall be retained for five years.
55. RU Central bank board resolution No.10/2 of 09.04.2011 (Reg. No.951-4 dated 27.04.2011) amended clause 55 of the instruction on periods of retention of documents issued by commercial banks adopted by the RU Central bank on 03.06.2000 (protocol No.10) and the General archive department under the RU Cabinet of Ministers. According to these modifications customer correspondence related to provision of cash services shall be retained for five years.
56. RU Law No.352 on amendments and modifications to certain legislative acts of the Republic of Uzbekistan dated 30.04.2013 obliged audit firms to retain audit findings, conclusions and reports for at least five years.
57. At the same time, no amendments were introduced into the Law on accounting of 1996, and according to the current version of this Law accounting documents, ledgers, microfilms or computerized financial records shall be retained for at least three years. It is noteworthy how Uzbekistan applies provisions of article 16 of the RU Law on Laws and regulations. According to this article in case of discrepancy between provisions of laws or regulations that have equal legal force, the provisions of a law or regulation that has been adopted at a later date shall prevail. Pursuant to this provision the 5-years retention period established by the basic AML/CFT law is applied.

Conclusions on Recommendation 10: Taking into account the undertaken measures, Uzbekistan has made significant progress in implementing this Recommendation. However, the legislation covering these issues needs further improvement:

- remains relevant recommendation to settle discrepancy between the term keeping documents established in the AML/CFT Law and in the Law on Accounting.

Taking into account the progress achieved by the country to implement the provisions of Recommendation 10, the current rating of compliance can be considered at the level of "LC".

Key Recommendations (R.23, R.40, SR.I, SR.III)

Recommendation 23 (Regulation, Supervision and Monitoring)

1. The AML/CFT supervision and monitoring regime does not cover institutions, which accept payments from population through unattended payment terminals.

58. Pursuant to Joint Resolution No.2528 of the RU Central Bank Board and the Department for Combating Tax and Currency Crimes and Money Laundering under the RU General Prosecutor's Office dated 21.11.2013 on Adoption of AML/CFT ICR for Commercial Banks commercial banks are obliged to independently undertake CDD measures in situations where individuals carry out one-off transactions with the use of plastic cards (withdrawal of cash, payment for goods and services) via payment terminals installed in the premises of commercial banks. Commercial banks, in which the terminals are installed, are subject to supervision and monitoring.
59. The Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 03.10.2014, No. 56 approved the Regulation "On the procedure of receiving payments from individuals through the payment agent network." The Regulation defines the "terminal" as a complex of hardware and software (an appliance): stationary or mobile device (portable devices with wireless access to the network and an independent power supply), or a self-service device (self-service kiosks that accept payment with or without participation of the payment agent) enabling payments of individuals. There is a definition of "the terminal" in the Regulation "On the operation of the interbank retail payment system "Uzkart ", approved by the Board of the Central Bank of the Republic of Uzbekistan on 21.04.2012 No. 12/2. This definition is used by the banking sector.
60. No other definitions of "the terminal" are contained in the submitted regulations of the Republic of Uzbekistan.
61. Operating in Uzbekistan at the time of mutual evaluation was only one non-bank institution that accepted payments for public (their-party payment processor) which was registered by the Central Bank. According to the information posted on the website of the Central Bank only one third-party payment processor - UZPAYNET, which is registered by the Central Bank as the general agent of the payment agency network, is currently operating in Uzbekistan.
62. According to information provided by Uzbekistan the general agents of the payment agency network carry out transactions with funds or other assets only through banks, and the daily cash proceeds are collected by bank branches. Therefore, all cash settlements are effected exclusively through commercial banks that are subject to the AML/CFT Law. Payment agency networks accept and process payments from public for fixed and mobile phone, internet and utility services.
63. At the same time, accumulation by the general agents of the payment agency network of large amounts of cash may pose, as shows the experience of other countries, enhanced risk related to potential flight of this cash into shadow economy.
64. Furthermore, the AML/CFT supervision and monitoring regime doesn't fully cover general agents and payment agents which accept payments from the public through the terminals.

2. Leasing companies are, de facto, not subject to supervision and monitoring.

65. Pursuant to Resolution No.143 on Measures for Further Extending and Streamlining Financial Leasing Services in the Republic of Uzbekistan adopted by the RU Cabinet of Ministers on 21.05.2011 the Ministry of Finance of the Republic of Uzbekistan was designated as the authorized agency responsible for coordinating the activities of financial leasing service providers. In this context, the Ministry of Finance and the Department, acting in compliance with Article 6 of the AML/CFT Law, adopted AML/CFT ICR for Financial Leasing Companies (Reg. No.2265 dated 22.09.2011).
66. Clause 29 of the said ICR stipulates the monitoring and oversight of compliance by the lessors with the requirements established in the Rules is performed by the Finance Ministry jointly with the Department.
67. Resolution No.180 adopted by the RU Cabinet of Ministers on 03.07.2015 introduced amendments into the Statute of the Finance Ministry according to which the Ministry of Finance is entrusted with development and adoption, jointly with the designated government agency, of ICR for financial leasing companies.
68. Thus, Uzbekistan eliminated the deficiency related to lack of supervision and monitoring of financial leasing companies.

3. The supervision and monitoring regulatory framework for the AML/CFT purposes is not yet established for all types of financial institutions.

69. The system of AML/CFT monitoring and supervision of financial institutions in Uzbekistan is primarily based on the ICR developed by the relevant licensing and monitoring agencies, in coordination with the Department, for each sector.
70. Presented below is the structure of the financial institutions supervision system in Uzbekistan:

Financial Institutions and Entities	Supervisor
Banks Microcredit organizations Pawnshops	Central Bank
Insurance companies Financial leasing companies	Ministry of Finance
Stock exchange members	State Committee for Privatization, De-monopolization and Promotion of Competition
Securities brokers Investment funds (mutual investment funds) Depositories	Securities Market Coordination and Development Center under the State Committee for Privatization, De-monopolization and Promotion of Competition
Postal service operators (as providers of postal remittance services)	Ministry for Development of Information Technologies and Communications (former Uzbek Communications and Information Technologies Agency)

71. Resolution No.180 adopted by the RU Cabinet of Ministers on 03.07.2015 introduced amendments and modifications in the Statute of the Finance Ministry, the Statute of Securities Market Coordination and Development Center and the Statute of the State Committee for Privatization, De-monopolization and Promotion of Competition. Pursuant to these amendments the aforementioned government agencies are entrusted with development and adoption, in coordination with the Department, of internal control rules. Besides that, the functions pertaining to oversight and monitoring of compliance with the AML/CFT requirements are also assigned to these agencies. The Finance Ministry takes measures in respect to audit firms and financial leasing companies, State committee for privatization, de-monopolization and promotion of competition – in respect to stock exchange members and real estate entities and the securities market coordination and development center – in respect to professional securities market players.
72. Besides that, joint Resolution No.39 / 2013-27 / 01/19-26/02 of the RU Finance Ministry, the State tax committee and the state committee for privatization, de-monopolization and promotion of competition of 24.04.2013 (Reg. No.1842-2 dated 22.07.2013) added new Section VIII (*Sanctions applicable*

against insurance companies for breaching internal control rules) into the Regulation on imposition of sanctions against insurers for breaching the insurance legislation.

73. Taking into account the provisions of article 6 of the AML/CFT Law, article 55 of the Law on securities market, article 10 of the Law on insurance and the ICR for professional securities market players and for insurance companies and insurance agents, it can be concluded that Uzbekistan established the legislative framework for AML/CFT monitoring and oversight in the aforementioned sectors.
74. Pursuant to Resolution No.355 on adoption of the statutes of the state committee for communications, information and telecommunication technologies and of the state inspectorate for supervision of communications, information and telecommunication technologies adopted by the RU Cabinet of Ministers on 19.12.2012 the aforementioned committee is empowered to conduct monitoring and oversight, *inter alia*, to draw up formal reports (“protocols”) on administrative offences.
75. Joint Resolution the RU State committee for privatization, de-monopolization and promotion of competition and the department dated 18.03.2014 introduced new provisions into the ICR for stock exchange members (Reg. No.2038-2 dated 18.04.2014), according to which the stock exchange is responsible for overseeing and monitoring compliance by its members with the requirements set for in the ICR.
76. In general, the information provided by Uzbekistan demonstrates development of the legislative framework for AML/CFT monitoring and oversight of financial institutions. In varying degrees, the legislative framework covers all entities that are subject to financial monitoring.
77. The required legislative framework for AML/CFT oversight and monitoring of other financial institutions and entities (banks, microfinance organizations, pawnshops, financial leasing companies, postal service operators) is also in place.
78. Uzbekistan reported that with respect to the general agent and the payment agent that accept payments from the public through the terminals, supervision and monitoring measures are implemented in the banks in which accounts are opened.

4. No information is available on application of the Core Principles for the AML/CFT purposes in the banking, insurance and securities sectors.

79. Uzbekistan's oversight mechanism for banks is based on the core principles of the Basel committee on banking supervision. In particular, the requirements are in place for licensing banking activity, which involves detail study of the founders, *inter alia*, for the AML/CFT purposes. Besides that, there are separate requirements for establishing the organizational structure of banks, which shall necessarily include separate internal audit and internal control functions. There are also separate requirements for establishing the internal control system. The Central bank has a separate department, one of the main objectives of which is to conduct AML/CFT monitoring and supervision of banks.
80. According to the information provided by Uzbekistan the insurance activities in the country are based on the Insurance core principles developed by the International association of insurance supervisors (IAIS). The designated government agency of Uzbekistan is the member of this Association. The RU Law on Insurance established the insurance regulation and supervision mechanism, designated the authorized government agency and established requirements for licensing of insurance activity and also for conducting oversight and imposing sanctions.
81. Pursuant to Resolution No.413 adopted by the RU Cabinet of Ministers on November 27, 2002 the Finance Ministry of Uzbekistan is responsible for issuing licenses to insurance companies and insurance brokers. Monitoring of compliance by license holders with license terms and conditions is conducted by the licensing authority in the manner prescribed by applicable law.
82. Pursuant to Resolution No.180 adopted by the RU Cabinet of Ministers on 03.07.2015 the Finance Ministry of Uzbekistan is responsible for developing and adopting, in coordination with the designated AML/CFT agency, ICR for insurance companies and insurance brokers, monitoring and auditing compliance with these rules and applying sanctions against insurance companies and insurance brokers for revealed breaches.

83. According to information provided by Uzbekistan the securities market mechanism is based on the core principles of the International organization of securities commissions (IOSCO). The Securities market coordination and development center under the State committee for privatization, de-monopolization and promotion of competition, being the Uzbek designated government agency in this area, is the member of IOSCO. The RU Law on Securities market established the securities market regulation and licensing mechanism for regulation of activities and operations of professional securities market players and the designated government agency in this area. Pursuant to resolution No.308 adopted by the RU Cabinet of Ministers on July 9, 2003 the responsibility for licensing professional securities market players lies with the Securities market coordination and development center under the State committee for privatization, de-monopolization and promotion of competition. Monitoring of compliance by license holders with license terms and conditions is conducted by the licensing authority in the manner prescribed by applicable law.
84. However, Uzbekistan has not provided sufficient information demonstrating that ML and FT risks are addressed in course of practical implementation of the regulatory and supervisory efforts (e.g. during off-site supervision, audits, etc.). In this connection, it is not possible to assess the degree of application of the relevant Basic principles during the continuous supervision.
85. The only provided example is the Regulation on quotas and procedure of admission of securities to circulation adopted by RU Cabinet of Ministers' resolution No.239 dated 20.08.2014. This Regulation prohibits non-resident's securities from being placed and circulated in the territory of Uzbekistan, unless their issuer is an organization incorporated in a country that is the full member of the International organization of securities commissions and financial action task force on money laundering (FATF). Placement of depositary receipts representing non-resident's securities is suspended if the designated government agency is notified by the securities market regulator of the issue's country of origin of infringement by the issuer of the national legislation, including AML/CFT legislation.
86. Due to lack of information, it is impossible to conclude that the Core Principles are fully applied to insurance institutions.
87. In particular, according to Insurance Core Principles 8 the supervisor shall require insurers to have, as part of their overall corporate governance framework, effective systems of risk management and internal controls, including effective functions for risk management, compliance, actuarial matters and internal audit. However, the provided information does not allow for making a conclusion that the relevant requirements are established for insurance institutions.
88. The provided information on professional securities market players, as it pertains to requirements for internal controls, is also limited, since it covers just a portion of the relevant functions (internal control as the equivalent of compliance control).

5. *The market entry procedures are specified in detail only for the banking sector.*

89. Uzbekistan provided the list of laws and regulations demonstrating that the market entry procedures are established for entities that are subject to financial monitoring. In the reporting period, the qualification (fit and proper) requirements were established for senior managers of insurance institutions, professional securities market players and microfinance organizations.
90. According to information provided by Uzbekistan the mechanism for preventing criminals from becoming owners of insurance institutions and professional securities market players is established in the Regulation on procedure of consideration and granting preliminary approval of transactions involving acquisition of shares of (interest in) equity fund (authorized capital) and other ownership interest in business entities adopted by RU Cabinet of Ministers' Resolution No.320 of 20.08.2013. This regulation was adopted in compliance with the RU Laws on competition and on authorization procedures in business activities.
91. The aforementioned Regulation provides that for monitoring transactions involving acquisition of shares (interest) or other ownership interest in equity fund (authorized capital) of business entities, the RU State committee for privatization, de-monopolization and promotion of competition or its local

office (hereinafter the antimonopoly agency) grants preliminary approval in situation where the total book value of assets of business entities operating in the financial market exceeds the established threshold or a party to a transactions holds dominant position in the financial market.

92. It should be noted that this provision made for the implementation of the Law "On competition", which regulates relations in the area of competition in the commodity and financial markets. The action of the law apply to the actions of economic entities, individuals, governments and public authorities in the field, which lead or may lead to restriction of competition in the commodity and financial markets in the Republic of Uzbekistan.
93. In particular, the aforementioned Regulation on granting preliminary approval is intended for regulating the competition-related issues and implementing the provisions of the antimonopoly legislation. The grounds for denial of approval by the antimonopoly agency of transaction with shares of (interest in) a financial institution (acquisition of majority shareholder status) do not include record of conviction of an applicant (in particular, for committing economic crimes) and other compromising information.
94. Analysis of the qualification requirements for executives of insurance companies showed that among the negative information which are the basis for the recognition that the candidate is not consistent with such requirements include:
 - employment of the candidate for the post of the head (chief accountant) of the legal entity within one year prior to the recognition of the legal entity bankrupt or decision by the court on its liquidation, if the facts that made the leader (chief accountant) actions led to bankruptcy or decision court to liquidate.

There are no such grounds as record of conviction of an applicant as for compromising information.
95. Qualification requirements for securities market specialists contain certain restrictions on access of criminals to management positions. The Resolution of the Cabinet of Ministers dated 09.07.2003 No.308 "On approval of the Regulation on licensing of the professional participation in the securities market" does not contain requirements that restrict access to management positions for persons associated with criminals
96. Furthermore, the market entry procedures for insurance institutions and professional securities market players, as they pertain to the availability of mechanisms that prevent criminals from obtaining control (beneficiary ownership) over financial institutions, cannot be considered implemented.

6. The AML/CFT supervision and monitoring system is under development and lack of sufficient results does not allow for assessing its effectiveness (does not apply to the banking sector).

97. According to provided information, in the reporting period (since 2010 through the first half of 2015) the Uzbek competent authorities conducted 1034 on-site inspections and 13 off-site audits of entities engaged in transactions with funds or other assets. As a result of these inspections/audits 10 written warnings and 129 orders for eliminating the identified infringements were issued, 123 fines (in total amount of 207.4 million soms) were imposed, 20 prohibitions from carrying out certain types of activities were imposed and 19 licenses were revoked.
98. In 2013, criminal proceedings were instituted under article 207 (Negligence) of the Criminal Code against executive officers of the branches of one commercial bank for failure to comply with the AML/CFT obligations.
99. It is noteworthy that almost no sanctions and enforcement measures were applied in respect to insurance institutions and financial leasing companies, and limited number of sanction was imposed against professional securities market players.
100. According to the information provided by the Uzbek authorities no breaches of the AML/CFT requirements were revealed in course of inspections/ audits conducted by the State Inspectorate for Insurance Supervision.
101. Besides that, according to the presented statistics no inspections/audits of insurance institutions were conducted.

Conclusions on Recommendation 23: Taking into account the undertaken measures, Uzbekistan has made significant progress in implementing this Recommendation. However, the legislation covering these issues needs further improvement:

- the AML/CFT supervision and monitoring regime with respect to the general agent and payment agents that accept payments from the public through the terminals, requires further improvement;
- the requirements of the Core principles on the structure and organization of internal controls and risk management functions in insurance institutions and professional securities market players are not established;
- no measures to prevent criminals in the beneficial ownership of significant or controlling interest of insurance institutions and professional securities market players;
- no measures to prevent criminals from occupying management positions in certain financial institutions (stock exchanges, leasing companies, postal service operators);
- effectiveness of AML/CFT regulation and supervision of insurance institutions, pawnshops and postal service operators must be improved.

Taking into account the progress achieved by the country to implement the provisions of Recommendation 23, the current rating of compliance can be considered at the level of "LC".

Recommendation 40 (Other Forms of Cooperation)

1. Low level of cooperation in the supervisory field.

2. Low effectiveness of the system as regards to international cooperation and information exchange of the FIU.

102. The information provided by Uzbekistan shows that the RU Central bank has extended international cooperation with foreign supervisors, including FIUs, in the reporting period.
103. In particular, the memorandum of understanding between the Central bank of the Republic of Uzbekistan and the Financial services commission of the Republic of Korea was signed on September 29, 2012.
104. Information on persons suspected of bankruptcy fraud in respect to the Afghan financial institution was exchanged with the National bank of Afghanistan.
105. At present, the Securities market coordination and development center, being the designated representative of Uzbekistan in the international organization of securities commissions, is included in appendix B to the IOSCO Multilateral memorandum of understanding, and the efforts are underway for including it into appendix A.
106. Besides that, according to article 50 of the Law on securities market (as amended on 03.06.2015) confidential information is disclosed to the designated government securities market regulator in situations where it provides information to the designated securities market regulators of foreign countries that are members of the IOSCO, at their written request.
107. In the reporting period, the Department signed the cooperation memoranda and agreements with the financial intelligence units of the Republic of Belarus, Russian Federation, Turkmenistan and India.
108. In August 2014, the Department signed the memorandum of understanding with the drug enforcement administration of the U.S. Department of Justice, which provides for information sharing with the Financial crimes enforcement Network (FinCEN) and the Office of foreign assets control (OFAC) of the US treasury.
109. RU Government resolution No.16 of 23.01.2013 on Administrative measures for implementing the

agreement on the Eurasian group on combating money laundering and financing of terrorism designated the Department as the Uzbek competent authority responsible for implementing the agreement on the EAG and empowered it to engage personnel of ministries and agencies involved in the AML/CFT efforts for complying with the obligations arising out of the agreement on the EAG.

Conclusions on Recommendation 40: Taking into account the undertaken measures, Uzbekistan has made significant progress in implementing this Recommendation. However, the legislation covering these issues needs further improvement:

- it is still necessary to implement the recommendations pertaining to more active use of existing mechanisms of international AML/CFT cooperation between supervisory authorities and to further extend the international cooperation between the supervisory agencies.

Taking into account the progress achieved by the country to implement the provisions of Recommendation 40, the current rating of compliance can be considered at the level of "LC".

Special Recommendation I (Implementation of UN Instruments)

1. Requirements of 2 (1) (a) of the International Convention for the Suppression of the Financing of Terrorism as regards criminalization of seizure of nuclear materials as well as unlawful acts against the safety of fixed platforms located on continental shelf are not provided for.

110. In the Republic of Uzbekistan, criminal liability for unlawful acts with radioactive materials is established in the following articles of the RU Criminal Code: 252 (Misappropriation of radioactive materials), 253 (Improper handling of radioactive materials), 254 (Illegal handling of radioactive materials) and 255 (Improper operation of nuclear facilities). Liability for theft and misappropriation of property owned by other persons is established in articles 164 (Robbery with extreme violence), 166 (Robbery), 167 (Theft by embezzlement), 168 (Fraud) and 169 (Theft) of the Criminal Code of the Republic of Uzbekistan.
111. However, the aforementioned article pertaining to theft and misappropriation establish general liability for criminally punishable acts not specifically related to nuclear materials. Sanctions provided for in these articles do not reflect danger to public and specificities of criminal offences related to theft and gaining illegal possession of nuclear materials.
112. Absence of a special article that establish criminal liability and relevant sanctions for theft of nuclear materials in the RU Criminal Code indicates that Uzbekistan does not comply with the requirements of the Convention on physical protection of nuclear material (Vienna, 03.03.1980) and the International convention for the suppression of the financing of terrorism (New York, 09.12.1999).
113. Resolution No. 133-II adopted by the Oliy Majlis on August 31, 2000 paved the way for Uzbekistan's accession to the Protocol for the suppression of unlawful acts against the safety of fixed platforms located on the continental shelf.
114. The Protocol for the suppression of unlawful acts against the safety of fixed platforms located on the continental shelf (done at Rome on 10 March 1988) is the annex to the International convention for the suppression of the financing of terrorism (New York, 09.12.1999). Article 2 of the protocol for the suppression of unlawful acts against the safety of fixed platforms located on the continental shelf contains the list of the relevant offences. However, the RU Criminal Code contains no articles that establish liability for the offences listed in article 2 of the protocol for the suppression of unlawful acts against the safety of fixed platforms located on the continental shelf.
115. Thus, the recommendation, as it pertains to criminalization of unlawful acts against fixed platforms located on the continental shelf, is not complied with.
116. It should be noted that, since the mutual evaluation, Uzbekistan has not adopted laws and regulations for eliminating the deficiencies revealed by the experts.

2. Lack of sufficient information on measures undertaken to comply with UN Security Council Resolutions 1267 (1999), 1333 (2000), 1363 (2001), 1390 (2002), 1455 (2003) and 1526 (2004).

117. This recommendation has not been implemented. The expert opinion with regard to this recommendation is presented in the review of Special Recommendation III.

Conclusions on Special Recommendation I: Taking into account the undertaken measures, Uzbekistan has not made significant progress in implementing this Recommendation. The legislation pertaining to these issues needs further improvement:

- Theft of nuclear materials and unlawful acts against fixed platforms located on the continental shelf should be criminalized;
- Measures should be taken to comply with UN Security Council Resolutions 1267 (1999), 1333(2000), 1363(2001), 1390(2002), 1455(2003) and 1526(2004).

Taking into account the progress achieved by the country to implement the provisions of SR.I, the current rating of compliance can not be considered as equivalent to the level of "LC" or "C".

Special Recommendation III (Freezing and Confiscation of Terrorist Assets)

1. The current regime for suspension of transactions and application of criminal-procedural mechanisms in respect to individuals listed as terrorists raises questions as to the effectiveness of the implementation of Resolutions 1267 and 1373.

2. There are no necessary mechanisms for reviewing and utilizing the information received from foreign countries in respect of entities subject to freezing measures.

3. Uzbekistan has no procedures for processing/considering de-listing requests.

4. Uzbekistan has no mechanisms authorizing access to a portion of funds necessary for basic expenses, as required by the UN Security Council Resolutions 1452.

118. Uzbekistan provided information of the developed draft Presidential Decree on Measures for Further Improvement of the Mechanisms for Combating the Financing of Terrorism and Proliferation of Weapons of Mass Destruction, which is currently being considered and approved by the concerned ministries and agencies. Uzbekistan provided no other laws and regulations adopted in the reporting period.

119. In this context, the steps undertaken by Uzbekistan for drafting the aforementioned decree are appreciated, but it is still impossible to assess progress achieved by Uzbekistan in implementing the assessor's recommendations pertaining to Special Recommendation III.

Conclusions on Special Recommendation III: Taking into account the undertaken measures, Uzbekistan has not made significant progress in implementing this Recommendation. The legislation pertaining to these issues needs further improvement:

- Laws and regulations should be adopted to comply with UN Security Council Resolutions 1267, 1373 and 1452.

Taking into account the progress achieved by the country to implement the provisions of SR.III, the current rating of compliance can not be considered as equivalent to the level of "LC" or "C".

120. The Republic of Uzbekistan has taken corrective actions in respect to R.6, R.8, R.15, R.17, R.25,

R.29, R.30, R.32, R.33, SR.VI and other.

III. EFFECTIVENESS AND STATISTICS

121. The statistical data provided by Uzbekistan are attached as Annex 3.

IV. CONCLUSION

122. The Republic of Uzbekistan has made substantial progress in addressing the deficiencies related to the Core and Key Recommendations, in particular, R.5, R.10, R.23 and R.40.

123. However, the Republic of Uzbekistan has not demonstrated significant progress in eliminating the deficiencies related to the Key Recommendations: SR.I and SR.III.

124. The Republic of Uzbekistan is recommended to continue the work to improve the national AML/CFT system by eliminating the remaining deficiencies related to implementation of the Core and Key Recommendations and is requested to submit the next follow-up report to the 24th EAG Plenary meeting under the enhanced follow-up process.

EAG Secretariat

SUMMARY

of Uzbekistan's 4th Follow-Up Report

1. In the period from June 2010 to July 2015, Uzbekistan's competent authorities carried out work to further improve and strengthen the country's AML/CFT system, implement the revised FATF Recommendations and eliminate the deficiencies identified in the course of the EAG mutual evaluation.
2. In accordance with the presidential instruction, the Cabinet of Ministers resolution No. 309-f dated May 12, 2012 established the Interagency Working Commission for the Study and Implementation of the Revised FATF Recommendations (hereinafter the "Commission"). Among the Commission members are the heads of the Central Bank, the National Security Service, the Ministry of Foreign Affairs, the Ministry of Interior, the Ministry of Finance, the Ministry of Justice, the Ministry of Economy, the Ministry of Foreign Economic Relations, Investment and Trade, the State Tax Committee, the State Customs Committee, the State Committee for Communication, Informatization and Telecommunication Technologies, the State Committee for Privatization, De-monopolization and Development of Competition, the State Statistics Committee, and the Center for Coordination and Development of the Securities Market. The Commission is headed by Uzbekistan's deputy prosecutor general.
3. In line with the Commission 2013-2015 Work Schedule, Uzbekistan's ministries and departments carry out comprehensive work to improve the country's regulatory framework, further develop the organizational and institutional AML/CFT structure, further strengthen the mechanisms for monitoring and enforcing compliance with AML/CFT legislation, and to organize appropriate training activities for their staff.

Regulations adopted in Uzbekistan since the 3rd Follow-Up Report:

4. In the period from December 2014 to July 2015, Uzbekistan adopted the following regulations:
 - *Cabinet of Ministers resolution No. 239 dated April 10, 2015 "On Approval of the Regulations on Quotas and Admission to Securities Trading"¹;*
 - *Cabinet of Ministers resolution No. 87 dated October 4, 2015 "On Approval of the Regulations on the Ministry for the Development of Information Technologies and Communications of the Republic of Uzbekistan";*
 - *Cabinet of Ministers resolution No. 179 dated July 3, 2015 "On Amendments to the Regulations on the Unified State Register of Enterprises and Organizations";*
 - *Cabinet of Ministers resolution No. 180 dated July 3, 2015 "On Amendments to Certain Government of the Republic of Uzbekistan Decisions in Connection with Improvements to the National Anti-Money Laundering and Terrorist Financing System";*
 - *order of the general director of the Center for Coordination and Development of the Securities Market under the State Committee for Privatization, De-monopolization and Development of Competition No. 201-31 dated November 27, 2014 "On Amendments to the Annex to the Regulations on the Maintenance and Safekeeping by Professional Securities Market Participants of Records of Transactions Carried Out by Them in the Securities Market," registered with the Ministry of Justice on December 19, 2014 under Reg. No. 1915-3;*
 - *resolution of the Center for Coordination and Development of the Securities Market under the State Committee for Privatization, De-monopolization and Development of Competition and*

¹ this regulation was not cited in the 3rd Follow-Up Report

the Department for Combating Tax, Currency Crimes and Money Laundering under the General Prosecutor's Office of the Republic of Uzbekistan dated December 30, 2014 No. 2014-33 and No. 29 "On Amendments to the Internal Regulations on Anti-Money Laundering and Terrorist Financing for professional securities market participant "(registered with the Ministry of Justice on January 15, 2015, Reg. No. 2033-2);

- *resolution of the Ministry of Finance of the Republic of Uzbekistan and the Department for Combating Tax, Currency Crimes and Money Laundering under the General Prosecutor's Office of the Republic of Uzbekistan dated March 18, 2015 No. 25 and No. 7 "On Amendments to the Internal Regulations on Anti-Money Laundering and Terrorist Financing for insurers and insurance brokers "(registered with the Ministry of Justice on April 6, 2015, Reg. No. 2036-2);*
- *resolution of the Ministry of Finance of the Republic of Uzbekistan and the Department for Combating Tax, Currency Crimes and Money Laundering under the General Prosecutor's Office of the Republic of Uzbekistan dated April 7, 2015 No. 27 and No. 9 "On Amendments to the Internal Regulations on Anti-Money Laundering and Terrorist Financing for organizations engaged in the provision of leasing services" (registered with the Ministry of Justice on April 14, 2015, Reg. No. 2265-1);*
- *resolution of the Ministry of Finance of the Republic of Uzbekistan and the Department for Combating Tax, Currency Crimes and Money Laundering under the General Prosecutor's Office of the Republic of Uzbekistan dated April 7, 2015 No. 28 and No. 10 "On Amendments to the Internal Regulations on Anti-Money Laundering and Terrorist Financing for lottery organizers" (registered with the Ministry of Justice on April 14, 2015, Reg. No. 2037-2);*
- *resolution of the Ministry of Finance of the Republic of Uzbekistan and the Department for Combating Tax, Currency Crimes and Money Laundering under the General Prosecutor's Office of the Republic of Uzbekistan dated April 13, 2015 No. 30 and No. 11 "On Amendments to the Internal Regulations on Anti-Money Laundering and Terrorist Financing for audit firms" (registered with the Ministry of Justice on 15.04.15, Reg. No. 2035-2).*

Current situation

5. The Department under the General Prosecutor's Office of the Republic of Uzbekistan, jointly with concerned agencies, continues the work aimed at improving AML/CFT legislation and implementing the revised FATF Recommendations.
6. The Commission has prepared a draft presidential decree "On Measures to Further Improve the Mechanisms for Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction."
7. The State Customs Committee of the Republic of Uzbekistan has prepared draft law "On Amendments to the Law 'On State Customs Service'" and Cabinet of Ministers resolution "On Amendments to the Regulations on the State Customs Committee of the Republic of Uzbekistan."
8. The Prosecutor General's Office of the Republic of Uzbekistan has elaborated the draft law on the introduction of criminal liability for market manipulation and insider trading, as well as establishing the criminal liability of legal persons.
9. The Ministry of Justice drafted a bill on amendments to Uzbekistan's legislation aimed at strengthening control over financial transactions carried out by non-profit organizations, which in June 2015 was submitted to the government of the Republic of Uzbekistan for consideration.

Core Recommendations (5 and 10)

Recommendation 5

1. A list of grounds for conducting CDD in respect of certain financial institutions is insufficient: commercial banks are not required to conduct CDD in respect of certain foreign exchange transactions (money changing and conversion);

10. During the reporting period, the country took steps to further improve customer due diligence (CDD), including when establishing business relationships, carrying out occasional transactions, conducting risk assessment and applying a risk-based approach.

11. Pursuant to subpar. "b" of par. 2 of Internal Regulations for commercial banks (Reg. No. 2528 of November 21, 2013), commercial banks are required to carry out their own CDD in respect of occasional transactions in the following cases:

- sale by individuals of cash in foreign currency in the amount equal to or greater than 100 times the minimum wage (aprx. 4,000 euros);
- exchange, replacement and (or) conversion by individuals of foreign currency in cash in the amount equal to or greater than 25 times the minimum wage (aprx. 1,000 euros);
- acceptance from customers for collection and (or) examination of foreign currency in cash;
- carrying out by individuals of transactions using plastic cards (cash withdrawals, payments for goods and services) via terminals located inside a commercial bank (except for payment of utility and phone bills, budgetary and extra-budgetary allocations and other mandatory payments);
- withdrawal by customers of foreign cash using plastic cards;
- purchase by individuals of foreign currency;
- making or receiving money transfers without opening or using a bank account (except for payment of utility and phone bills, budgetary and extra-budgetary allocations and other mandatory payments).

▪ *members of exchanges are not required to conduct CDD when establishing business relationships;*

12. Pursuant to paragraph 16 of IR for members of exchanges (as amended April 18, 2014), members of exchanges shall conduct customer due diligence when establishing business relationships and carrying out occasional transactions whose amount exceeds 500 times the minimum wage (aprx. 15,000 euros).

▪ *professional securities market participants are not required to conduct CDD when carrying out occasional transactions;*

13. Resolutions Nos. 2010-20, 32 dated November 6, 2010 (registered with the Ministry of Justice under No. 2033-1 dated November 19, 2010) of the Center for Coordination and Development of the Securities Market and the Department amended paragraph 12 of IR for professional securities market participants, adding a requirement for the implementation of CDD in respect of occasional transactions in securities.

2. A list of identification data to be obtained from customers by financial institutions (except for credit institutions) is not extensive enough;

14. All IRs for financial institutions state that the identification of individual customers shall be carried out on the basis of identity documents (passport or its equivalent). If a natural person is self-employed, his certificate of state registration should also be examined. When identifying a

corporate customer, members of exchanges shall verify: the documents certifying such customer's registration with government authorities and its form of business ownership; information on its principal place of business and directors; and data contained in the founding documents (this issue was addressed in the 1st Follow-Up Report).

3. Credit institutions are not required to conduct CDD in respect of public and administrative authorities:

15. Public and administrative authorities are financed from the state budget. In accordance with the Budget Code of the Republic of Uzbekistan dated December 26, 2013, the Accounting Chamber, the Chief Audit Office and Treasury departments of the Ministry of Finance are responsible for monitoring state budget expenditure.

16. The Rules for Treasury-based Budget Execution (Reg. No. 2007 dated September 16, 2009) and Regulations on the Opening, Closing and Maintaining Treasury Accounts of Budget Funds Recipients in the Ministry of Finance of the Republic of Uzbekistan and its regional offices (Reg. No. 2414 dated January 18, 2013) provide for the application of financial control measures, including customer identification and CDD.

4. There is no requirement to conduct CDD in respect of attempted transactions;

5. Not all financial institutions in Uzbekistan are required to ascertain whether the customer acts on its own behalf or not, as well as to determine the ownership and management structure of corporate customers;

17. The term "customer due diligence," as contained in all internal regulations, means verifying the identity and credentials of the customer and persons on whose behalf it is acting, identifying the beneficial owner by studying its ownership and management structure in the constituent documents, as well as conducting an ongoing study of the business relationships and transactions carried out by the customer in order to ensure their consistency with the customer's profile and its activities.

18. Pursuant to Article 7 of the Law of the Republic of Uzbekistan "On Anti-Money Laundering and Terrorist Financing," customer due diligence measures undertaken by organizations carrying out transactions with funds or other assets shall include:

- verification of the identity and credentials of the customer and persons on whose behalf it is acting on the basis of the relevant documents;
- identification of the owner of, or the person exercising control over, the corporate customer by studying the ownership and management structure in the constituent documents;
- an ongoing study of the business relationships and transactions with funds or other assets carried out by the customer in order to ensure their consistency with the customer's profile and its activities.

19. Pursuant to Article 13 of the said law, a suspicious transaction is a transaction, whether already carried out, being carried out, or in the process of being prepared, with funds or other assets suspected, on the basis of the criteria and indicators established by internal regulations, of being carried out for money laundering and terrorist financing purposes.

20. In addition, all IRs contain a provision requiring CDD to be carried out in all areas and at all stages of the transaction execution process (provision of services, performance of activities). In this regard, CDD is carried out at all stages of the transaction execution process, including during attempts to carry them out.

21. Therefore, Uzbekistan has eliminated the shortcomings related the obligation to ascertain whether the customer is acting on its own behalf, determine the ownership and management structure of corporate customers and the presence of mechanisms for conducting CDD in respect of attempted transactions.

6. There is no requirement for financial institutions to request customers to supply information on the purpose and intended nature of the business relationship, as well as information on the origin of funds, where appropriate;

22. The relevant requirements are contained in internal regulations for financial institutions. For example, paragraph 74 of the IR for commercial banks requires each bank's internal control unit to determine the source of the customer's funds or its financial position, including by requesting information from the customer if its transaction is deemed suspicious. Similar requirements are contained in other IRs.

7. There are no clear rules for conducting CDD (monitoring of customer transactions) on an ongoing basis in the non-banking financial sector;

23. The relevant requirements to conduct CDD are contained in IRs for non-banking credit organizations, insurers and insurance brokers, leasing companies, members of exchanges and professional securities market participants.

8. Requirements to conduct enhanced CDD measures in respect of high-risk customers do not apply to all organizations of the financial sector (except for credit institutions and exchanges);

24. Amendments to the IR for postal services providers (par. 11), enacted in March 2013, introduced a requirement to pay extra attention to high-risk customers and for use of enhanced CDD in line with the FATF Recommendation 10.

25. Similar changes were made to the IR for insurers and insurance brokers in April 2015 (par. 16²).

26. The enactment of the above amendments to the IR for postal services providers and IR for insurers and insurance brokers fully addressed requirements for enhanced CDD in respect of high-risk customers, thereby completely eliminating the deficiency.

9. A clear procedure detailing the steps organizations carrying out transactions with funds or other assets in the non-banking financial sector should take in the case of negative CDD results is absent (except for non-submission of documents for identification);

27. Amendments made to IRs require organizations carrying out transactions with funds or other assets to refuse customers to carry out transactions in cases where the identification process cannot be completed (i.e., in the case of attempted transactions), or upon the receipt of due diligence data indicating the inappropriateness of establishing a business relationship with such customer (the issue was resolved in the 1st Follow-Up Report).

10. Not all by-laws governing other relationships (e.g., foreign exchange transactions) are aligned with the existing AML/CFT legislation;

28. Measures have been taken to bring all by-laws into line with AML/CFT legislation. Thus, the Regulations Governing the Procedure for Carrying Out Foreign Exchange Transactions

Involving Individuals through Authorized Banks, approved by the Board of the Central Bank decree No. 4/7 dated February 16, 2013 (Reg. No. 2437 of February 20, 2013), provide for the application of CDD in respect of all foreign exchange transactions.

11. There is no requirement to carry out verification of data provided by customers, except for identity check;

29. Pursuant to paragraph 32 of the IR for commercial banks, commercial banks, when doubting the authenticity of the submitted information (documents), shall take steps to verify such information (documents). In this case, commercial banks may submit to relevant organizations a request to confirm the veracity of the customer information (documents). Similar requirements are contained in the IRs for non-banking credit institutions (par. 23), for insurers and insurance brokers (par. 303), for professional securities market participants (par. 17), for postal services providers (par. 17), for members of exchanges (par. 22), for organizations engaged in the provision of leasing services (par. 17), and in the remaining IRs.

30. Therefore, this deficiency has been completely eliminated.

12. Requirements to update customer information applicable to professional securities market participants, members of exchanges and postal operators are absent;

31. The Department, jointly with Goskomsvyaz, the State Committee for Privatization, De-monopolization and Development of Competition and the Centre for Coordination and Development of the Securities Market, amended in the period from November to December 2010 the IRs for professional securities market participants, members of exchanges and postal operators (the issue was addressed in the 1st Follow-Up Report).

Recommendation 10

1. The requirement to retain data in volumes sufficient to be used as evidence in administrative or criminal proceedings (except for credit institutions) is absent;

2. With regard to some positions, the country's laws and by-laws provide for a 3-year retention period, which falls short of the AML/CFT requirements;

32. The Department, jointly with the relevant agencies, amended in 2010-2014 all IRs, requiring organizations carrying out transactions with funds or other assets to retain documents in volumes sufficient to permit reconstruction of individual transactions and business correspondence.

33. Pursuant to Article 21 of Uzbekistan's Law "On Anti-Money Laundering and Terrorist Financing," (as amended April 22, 2009), organizations carrying out transactions with funds or other assets shall retain data on transactions with funds or other assets, as well as customer identification and due diligence data, for a period determined by applicable law, but not less than five years after the transaction execution date or termination of a business relationship with the customer.

34. Law of the Republic of Uzbekistan No. ZPU-352 of Apr 30, 2013 makes it mandatory for audit firms to retain audit reports for at least 5 years.

35. Order of the general director of the Center for Coordination and Development of the Securities Market under the State Committee for Privatization, De-monopolization and Development of Competition No. 201-31 dated November 27, 2014 "On Amendments to the Annex to the Regulations on the Maintenance and Safekeeping by Professional Securities Market

Participants of Records of Transactions Carried Out by Them in the Securities Market" (Reg. No. 1915-3 of December 19, 2014) was amended to include a five-year retention period for all primary documents and annexes thereto used for accounting purposes, as well as for documents confirming the receipt of funds by customers (payment orders, bank statements). In addition, reports by brokers and dealers on securities transactions and securities sales must also be retained for 5 years.

36. Board of the Central Bank resolution No. 10/2 dated April 9, 2011 (Reg. No. 951-4 of April 27, 2011) amended par. 55 of the Document Retention Guidelines for commercial banks, setting a 5-year retention term for all cash services-related customer correspondence. Also, Board of the Central Bank resolution No. 19/13 dated July 22, 2015 (Reg. No. 951-5 of August 5, 2015) set a 5-year retention term for documents (contracts, personal accounts, reports, records, resolutions to issue securities, surveys, certificates and correspondence), setting out the procedures for payment management, carrying out and registration of transactions as well as offering, servicing and redemption of public securities.

37. Pursuant to Articles 38 and 41 of the Tax Code of the Republic of Uzbekistan (dated December 25, 2007), primary documents, accounting records and other documents used as the basis for determining taxable items and items related to taxation, as well as for calculation of taxes and other mandatory payments, shall be retained for the duration of the statute of limitation on tax liabilities, which is 5 years.

38. Pursuant to Article 16 of the Law "On regulations, in the event of any discrepancy between regulations of equal legal force, the earlier adopted regulations shall prevail. Therefore, in practice, organizations must set a retention period of at least 5 years as stipulated in the Framework AML/CFT Law of 2009 rather than 3 years as stated in Article 23 of the Law "On Accounting" of 1996.

39. Cabinet of Ministers resolution No. 116 dated May 11, 2015 approved the Program for the drafting and submission in 2015 to the Legislative Chamber of Oliy Majlis of draft laws and other regulations. Paragraph 2 of section II of this Program provides for the adoption of a bill "On Amendments to the Law 'On Accounting,'" which, among others, sets retention periods for accounting documents.

40. Based on the foregoing, Uzbekistan has ensured compliance with the substantial criteria established by Recommendation 10.

Key Recommendations (Recommendations 23, 40, SR I and SR III)

Recommendation 23

1. The AML/CFT monitoring and supervision regime does not apply to organizations accepting payments from the public via automated terminals;

41. In Uzbekistan, activities related to the acceptance of payments from the public via automated terminals is carried out exclusively by commercial banks, which, according to the law "On Anti-Money Laundering and Terrorist Financing, are included in the list of organizations carrying out transactions with funds or other assets and which are therefore subject to AML/CFT monitoring. In particular, pursuant to sub-paragraph "b" of paragraph 22 of the IR for commercial banks (as amended November 2013 No. 2528), commercial banks shall conduct CDD in respect of occasional transactions carried out by individuals using plastic cards (cash withdrawals, payments for goods and services) via terminals located in a commercial bank.

42. As of May 1, 2014, there were aprx. 2,000 self-service payment terminals in Uzbekistan. It should be noted that that self-service payment terminals can only be used for payment of utility and phone (mobile and landline) bills. All such terminals are the property of their respective commercial banks, which, in turn, are subject to AML/CFT supervision.

43. In view of the foregoing, we can conclude that Uzbekistan has eliminated the deficiency related to the absence of an AML/CFT monitoring and supervision regime for organizations accepting payments from the public via automated terminals.

2. Monitoring and supervision of leasing companies is de facto absent;

44. Pursuant to Cabinet of the Ministers decree No. 143 dated May 2, 2011 "On Measures to Further Develop and Streamline Leasing Services in the Republic of Uzbekistan," the Ministry of Finance of the Republic of Uzbekistan was designated as the competent authority responsible for coordinating the activities of organizations engaged in the provision of leasing services.

45. In this context, pursuant to Article 6 of the Law "On Anti-Money Laundering and Terrorist Financing," the Ministry of Finance and the Department approved on September 22, 2011 the Internal Regulations on Anti-Money Laundering and Terrorist Financing for organizations engaged in the provision of leasing services (Reg. No. 2265 of September 22, 2011).

46. Pursuant to Article 6 of Uzbekistan's Law "On Anti-Money Laundering and Terrorist Financing" and paragraph 29 of the IR for organizations engaged in the provision of leasing services, the responsibility for monitoring compliance by leasing companies with internal regulations lies with the Ministry of Finance and the Department.

47. Cabinet of Ministers resolution No. 180 dated July 3, 2015 "On Amendments to Certain Decisions of the Government of the Republic of Uzbekistan in Connection with Improvements to the National Anti-Money Laundering and Terrorist Financing System" amended the Regulations on the Ministry of Finance of the Republic Uzbekistan, assigning the ministry the responsibility for drafting and approval, jointly with a designated government authority, of the internal regulations for organizations engaged in the provision of leasing services.

48. In view of the foregoing, we can conclude that Uzbekistan has eliminated the deficiency related to the absence of AML/CFT monitoring and supervision in respect of leasing companies.

3. The regulatory framework for AML/CFT monitoring and supervision is yet to cover all types of financial institutions;

49. A list of financial institutions covered by the AML/CFT regime includes:

- banks and other credit institutions;
- professional securities market participants;
- members of exchanges;
- insurers and insurance brokers;
- organizations engaged in the provision of leasing services;
- organizations carrying out money transfers, payments and settlements;
- pawnshops.

50. In accordance with the laws "On the Central Bank of the Republic of Uzbekistan" (Articles 50, 51 and 53), "On Banks and Banking Activity" and "On Anti-Money Laundering and Terrorist Financing," the IR for commercial banks and non-banking credit institutions, the Regulations on the Measures and Sanctions Imposed by the Central Bank of the Republic of Uzbekistan against Commercial Banks, Microcredit Organizations and Pawnshops for Violation of the Legal Requirements for Combating Money Laundering and Terrorist Financing (registered with the Ministry of Justice on January 13, 2010 under No. 2063), Uzbekistan established a legal framework for AML/CFT monitoring and supervision for banks, microcredit organizations, pawnshops and organizations carrying out money transfers, payments and settlements.

51. Pursuant to Article 6 of the Framework AML/CFT Law, Article 50 of the Law "On the Securities Market" and paragraph 28 of the IR for professional securities market participants, Uzbekistan established a legal framework for AML/CFT monitoring and supervision in the securities market.
52. Cabinet of Ministers resolution No. 239 dated August 20, 2014 approved the Regulations on Quotas and Admission to Securities Trading, banning the offering and circulation in the territory of the Republic of Uzbekistan of a non-resident's securities whose issuer is not an entity incorporated in a country which is a full member of the International Organization of Securities Commissions and the Financial Action Task Force on Money Laundering (FATF). Also, the placement of non-residents' depositary receipts shall be suspended in the event of receipt by the competent government authority from the regulator of the securities market in the country of the issuer's origin of information on violation by the latter of the country's legislation, including the AML/CFT law.
53. Information on the progress made in improving the monitoring and supervision of leasing companies is provided above.
54. Article 6 of the Law of the Republic of Uzbekistan "On Anti-Money Laundering and Terrorist Financing," Cabinet of Ministers resolution No. 355 dated December 19, 2012 "On Approval of the Regulations on the State Committee for Communications, Informatization and Telecommunication Technologies of the Republic of Uzbekistan and on the State Inspectorate for Supervision over Communications, Informatization and Telecommunication Technologies," Cabinet of Ministers resolution No. 87 dated April 10, 2015 "On Approval of the Regulations on the Ministry for the Development of Information Technologies and Communications of the Republic of Uzbekistan" and the IR for postal services providers establish a legal basis for monitoring and supervision of postal money orders.
55. In particular, according to the above Government resolution, the Ministry for the Development of Information Technologies and Communications has been assigned the functions and powers to monitor compliance with AML/CFT legislation, while the State Inspectorate for Supervision over Communications, Informatization and Telecommunication Technologies was empowered to monitor compliance by postal services providers with internal regulations, including drawing up administrative reports.
56. Cabinet of Ministers resolution No. 180 dated July 3, 2015 "On Amendments to Certain Government of the Republic of Uzbekistan Decisions in Connection with Improvements to the National Anti-Money Laundering and Terrorist Financing System" amended the Regulations on the Ministry of Finance, the State Committee for Privatization, De-monopolization and Development of Competition, and the Center for Coordination and Development of the Securities Market, assigning them the responsibility for monitoring compliance with AML/CFT regulations and application of penalties against audit firms, leasing companies, lottery organizers, insurers and insurance brokers, members of exchanges, real estate companies and professional securities market participants.
57. Pursuant to Article 10 of the Law "On insurance," a specially designated state body in charge of insurance activities regulation and supervision (Ministry of Finance) is empowered to apply sanctions against insurers and insurance brokers for violation of anti-money laundering and terrorist financing legislation.
58. Pursuant to Article 6 of the Law "On Anti-Money Laundering and Terrorist Financing," the Ministry of Finance, in its role as a designated government authority in the insurance market, and the Department approved the IR for insurers and insurance brokers (registered with the Ministry of Justice on November 3, 2009 under No. 2036).

59. Resolutions of the Ministry of Finance, the State Tax Committee and the State Committee for Privatization, De-monopolization and Development of Competition Nos. 39, 2013-27 and 01/19-26/02 (registered with the Ministry of Justice under No. 1842-2 on July 22, 2013) amended the Regulations on the Application of Penalties against Insurers for Violation of the Law on Insurance Activity (registered with the Ministry of Justice under No. 1842 on August 18, 2008) to include section VIII "Penalties Applied against Insurers for Violation of Internal Regulations."

60. Pursuant to Articles 13, 14 and 21 of the Law "On Exchanges and Exchange Activity," with a view to improving the mechanism for monitoring compliance by members of exchanges with AML/CFT legislation, the State Committee for Privatization, De-monopolization and Development of Competition and the Department issued a decree dated March 18, 2014 that amended the IR for members of exchanges (registered with the Ministry of Justice under No. 2038-2 on April 18, 2014), assigning the responsibility for monitoring the enforcement by members of exchanges of internal regulations to the exchanges themselves, as well as introducing a requirement for the exchanges to impose sanctions for violation of these regulations.

61. In line with the above amendments to the IR for members of exchanges, the exchanges established penalties for violation of the internal regulations, including fines, suspension of traders from participation in trading and revocation of exchange accreditations.

62. Based on the foregoing, Uzbekistan has to a great extent established the necessary legal framework for AML/CFT monitoring and supervision for all types of financial institutions.

4. No information is available on the application of the Core AML/CFT Principles in the banking, insurance and securities sectors;

63. The Central Bank carries out ongoing work to adopt international standards for banking supervision. Uzbekistan's supervisory mechanism for banks is based on 25 core principles of the Basel Committee on Banking Supervision (hereinafter the "Core Principles"). This mechanism is quite sufficient for conducting AML/CFT monitoring of banks' activities. In particular, Uzbekistan has established bank licensing requirements focusing on the study of bank founders, including for AML/CFT purposes. In addition, the country has adopted specific requirements for the establishment of bank structures that provide for the mandatory presence therein of separate units specializing in internal audit and control. Also, banks must comply with the special requirements for the establishment of a system of internal control, one of the key objectives of which is to prevent banks from being used for criminal purposes, including ML and (or) FT. (Guidelines for the establishment of internal controls in commercial banks No. 404 of July 4, 1998 and IR No. 2528 of November 21, 2013). Among the key responsibilities of one of the separate units of the Central Bank is to conduct AML\CFT monitoring of banks' activities (as per Core Principles 16 - 25).

64. The regulations governing the provision of insurance activities in the Republic of Uzbekistan are based on the 26 core principles of the International Association of Insurance Supervisors (IAIS), of which the relevant competent authority of Uzbekistan is a member.

65. The Law of the Republic of Uzbekistan "On Insurance Activity" established a mechanism for regulating and supervising insurance activities, designated a competent authority and provided for the licensing of insurance activities as well as monitoring and enforcement.

66. In accordance with Cabinet of Ministers resolution No. 413 dated November 27, 2002, the Ministry of Finance shall be responsible for the licensing of insurance activities of insurers and insurance brokers. Monitoring of compliance with license requirements and conditions shall be carried out by the licensing authority in the manner prescribed by law.

67. Cabinet of Ministers resolution No. 180 dated July 3, 2015 assigned to the Ministry of Finance of the Republic of Uzbekistan and the country's designated AML/CFT authority the responsibility for drafting and approval of internal regulations, monitoring compliance therewith and imposition of sanctions for violation thereof against insurers and insurance brokers.
68. The Ministry of Finance and the Department under the Prosecutor General's Office approved the IR for insurers and insurance brokers (Reg. No. 2036 of November 3, 2009), providing for the setting up of internal controls, conducting of due diligence, application of a risk-based approach, identification of suspicious transactions, ensuring cooperation with FIUs, etc.
69. The regulations governing operation of the securities market in the Republic of Uzbekistan is based on the 38 basic principles of the International Organization of Securities Commissions (IOSCO), of which the relevant competent authority of the Republic of Uzbekistan (the Center for Coordination and Development of the Securities Market) is a member.
70. The Law of the Republic of Uzbekistan "On Securities Market" established a mechanism for licensing and regulation of the securities market, setting out the responsibilities of the professional securities market participants and the designated government authority in the field.
71. Cabinet of Ministers resolution No. 308 dated July 9, 2003 "On Approval of the Regulations on Licensing of Professional Securities Market Activities" assigned the responsibility for licensing professional activities in the securities market to the Centre for Coordination and Development of the Securities Market. Monitoring of compliance by license holders of the licensing requirements and conditions shall be carried out by the licensing authority in the manner prescribed by law.
72. Cabinet of Ministers resolution No. 180 dated July 3, 2015 assigned to the Center for Coordination and Development of the Security Market and the country's designated AML/CFT authority the responsibility for drafting and approval of internal regulations, monitoring compliance therewith and imposition of sanctions for violation thereof against professional securities market participants.
73. The Centre for Coordination and Development of the Securities Market under the State Committee for Privatization, De-monopolization and Development of Competition and the Department under the Prosecutor General's Office approved the Internal Regulations for professional securities market participants (Reg. No. 2033 of November 3, 2009), providing for the setting up of internal controls, conducting of due diligence, application of a risk-based approach, identification of suspicious transactions, ensuring cooperation with FIUs, etc.
74. It should also be noted that Uzbekistan's legislation does not provide for collective investment activities and activities of market intermediaries in the securities market.
75. In view of the foregoing, we can conclude that Uzbekistan has ensured the implementation of the core principles in the banking, insurance and securities sectors.

5. Detailed procedures for entering the market are only available for the banking sector;

76. Uzbekistan's legislation sets out detailed market entry procedures for all organizations carrying out transaction with funds or other assets as required under the Framework AML/CFT Law.

In particular, **for members of exchanges:**

- Law of the Republic of Uzbekistan "On Exchanges and Exchange Activity" No. 625-XII of July 2, 1992 (as amended August 29, 2001 No. 260- II);
- Cabinet of Ministers resolution No. 251 dated May 31, 2004 "On Additional Measures to Improve the Functioning of Commodity Exchanges";

- Cabinet of Ministers resolution No. 66 dated February 4, 2003 "On Licensing of Exchange Activity";

for notaries:

- Law of the Republic of Uzbekistan "On Notaries" No. 343-I of December 26, 1996;
- "Notary Activity Guidelines and Procedure," registered with the Ministry of Justice on March 30, 2010 under No. 2090;
- "Notary Candidates Selection Procedure," registered with the Ministry of Justice on December 20, 2010 under No. 2165;

for lawyers:

- Law of the Republic of Uzbekistan "On Advocacy" No. 349-I of December 27, 1996;
- Cabinet of Ministers resolution No. 60 dated March 9, 2009 "On Improvements to the Procedure for Licensing Legal Practice and Establishing Law Firms";
- Order of the Chamber of Advocates of the Republic of Uzbekistan No. 2-kh dated July 11, 2011 "On the Organization of Archival Business in Law Firm of the Republic of Uzbekistan";

for insurers and insurance brokers:

- Law of the Republic of Uzbekistan "On Insurance Activity" No. 358-II of April 5, 2002;
- Cabinet of Ministers resolution No. PP-872 dated May 21, 2005 "On Additional Measures to Further Reform and Develop the Insurance Market";
- Cabinet of Ministers resolution No. 413 dated November 27, 2002 "On Approval of the Regulations on Licensing of Insurance Activity of Insurers and Insurance Brokers";
- Regulations on the Procedure for the Imposition of Penalties against Insurers for Violation of Insurance Legislation, registered with the Ministry of Justice on August 15, 2008 under No. 1842;

for non-banking credit institutions (pawnshops):

- Regulations on the Licensing of Pawnshops, registered with the Ministry of Justice on December 10, 2003 under No. 1291;
- Regulations on the Procedure for Verification of Credit Unions, Microcredit Organizations and Pawnshops by the Central Bank of the Republic of Uzbekistan, registered with the Ministry of Justice on March 14, 2011 under No. 2209;
- Regulations on the Measures and Sanctions Imposed by the Central Bank of the Republic of Uzbekistan against Commercial Banks, Microcredit Organizations and Pawnshops for Violation of Anti-Money Laundering and Terrorist Financing Legislation, registered with the Ministry of Justice on January 13, 2010 under No. 2063;

for postal services providers:

- Law of the Republic of Uzbekistan "On Postal Services" No. 118-II of August 31, 2000;
- Postal Service Provision Guidelines, registered with the Ministry of Justice on April 18, 2011 under No. 2219;

for professional securities market participants:

- Law of the Republic of Uzbekistan "On Securities Market" No. ZRU-163 of July 22, 2008;
- Regulations on the Maintenance and Safekeeping by Professional Securities Market Participants of Records of Transactions Carried Out by Them in the Securities Market," registered with the Ministry of Justice of the Republic of Uzbekistan on March 7, 2009 under No. 1915;
- Regulations on the Examination of Cases and Imposition of Sanctions for Violation of Uzbekistan's Law on the Securities Market, registered with the Ministry of Justice on April 23, 2002 under No. 1131;

for persons engaged in transactions with precious metals and precious stones:

- Law of the Republic of Uzbekistan No. 318-II of December 7, 2001 "On Hallmarks and Marking of Items Made of Precious Metals";

- Presidential Decree No. UP-3346 dated October 31, 2003 "On Improvements to the Process of Procurement, Storage and Sale of Precious Metals";
- Cabinet of Ministers resolution No. 156 dated June 12, 2014 "On Approval of the Regulations Governing the Procedure for Issuing Registration Certificates for Handling Precious Metals and Precious Stones";

for audit firms:

- Law of the Republic of Uzbekistan "On Auditing" (amended) No. 78-II of May 26, 2000;
- Regulations Governing the Procedure for Issuing Licenses to Audit Firms to Engage in Audit Activity, Annex No. 3 to Cabinet of Ministers resolution No. 365 dated September 22, 2000;
- Regulations on the Certification of Directors of Audit Firms, registered with the Ministry of Justice of the Republic of Uzbekistan on September 3, 2007 under No. 1709;
- Regulations Governing the Procedure for Issuing Auditor's Qualification Certificates, registered with the Ministry of Justice on October 13, 2000 under No. 977;

for lottery organizers:

- Cabinet of Ministers resolution No. 314 dated July 16, 2003 "On Approval of the Regulations on Licensing of Lottery Activity";
- Cabinet of Ministers resolution No. 182 dated August 2, 2005 "On Additional Measures to Improve Activities Related to Organizing Lotteries";
- Regulations Governing the Procedure for Organizing and Conducting Lotteries, Annex to Cabinet of Ministers resolution No. 396 dated November 15, 2002;

for real estate agents:

- Law of the Republic of Uzbekistan "On Real Estate Activity" No. ZRU-269 of December 22, 2010;
- Cabinet of Ministers resolution No. 129 dated May 10, 2011 "On Approval of the Regulations on Licensing of Real Estate Activity";
- Regulations Governing the Procedure for Issuing Estate Agent's Qualification Certificates, registered with the Ministry of Justice of the Republic of Uzbekistan on June 10, 2011 under No. 2236;

for organizations engaged in the provision of leasing services;

- Law of the Republic of Uzbekistan No. ZRU-269 of April 14, 1999 "On Licensing";
- Cabinet of Ministers resolution No. 143 dated May 21, 2011 "On Measures to Further Develop and Streamline the Provision of Leasing Services in the Republic of Uzbekistan."

6. Given the embryonic state of the country's system for AML/CFT monitoring and supervision and the lack of accumulated data, judging its effectiveness is not possible (except for the banking sector);

77. Uzbekistan has by now established the required system of AML/CFT supervision (*see above*). The country's supervisory, registering and licensing authorities have, in conjunction with the Department, approved the IRs for all types of reporting entities. Under the framework AML/CFT law, the responsibility for monitoring and overseeing compliance with the IRs lies with the bodies responsible for their approval.

78. During 2010- 2014 and the present period of 2015, Uzbekistan's competent authorities conducted 1034 field and 13 desk audits of organizations carrying out transactions with funds or other assets, resulting in 10 written warnings, 129 instructions to eliminate identified violations, 123 fines totaling 1.8 billion sums, 31 license suspensions and 20 license revocations.

79. Furthermore, in one case connected with improper performance of AML/CFT duties by four branches of a commercial bank, the Department, using the Central Bank's audit findings,

initiated in 2013 criminal proceedings against the bank officials for negligence (Article 207 of the Criminal Code).

80. In addition, following a review by the Central Bank of the information submitted by the Department in 2014, 63 employees of internal control units of several commercial banks were subjected to a disciplinary action for violation of reporting procedures, resulting in 6 dismissals, 4 demotions, 8 finds and 45 warnings.

81. Based on the foregoing, we can conclude that Uzbekistan has established a viable system for AML/CFT monitoring and supervision, whose effectiveness is corroborated by the above statistics.

Recommendation 40

1. A low level of international cooperation in the supervisory sector;

2. The effectiveness of the system with regard to international cooperation and information exchange with FIUs is low;

82. The Department, in its role as the country's FIU, has managed to considerably expand and enhance international cooperation and information sharing activities in the period from 2010 till present day.

83. During this period, the Department concluded cooperation and information sharing agreements with the FIUs of Belarus, Kyrgyzstan, Russia, Turkmenistan and India.

84. In August 2014, the Department also concluded a Memorandum of Understanding with the Office of Narcotics of the Drug Enforcement Administration of the U.S. Department of Justice. The said memorandum also provides for information sharing with the Financial Crimes Enforcement Network (FinCEN) and the Office of Foreign Assets Control (OFAC) of the U.S. Treasury.

85. The Department has been a member of the Egmont Group since July 2011, whose channels are actively used for information sharing purposes.

86. During the reporting period, the Department fulfilled 285 requests from foreign FIUs and sent 65 own requests.

87. Based on the foregoing, we can conclude that the deficiency related to low effectiveness of international cooperation and information sharing with FIUs has been eliminated.

Special Recommendation I

1. The requirements of Article 2 (1) (a) of the International Convention for the Suppression of the Financing of Terrorism are not complied with when it comes to the criminalization of the theft of nuclear materials and illegal actions against fixed platforms located on the continental shelf.

88. In the existing Uzbek legislation, misappropriation of radioactive materials, infringement of the rules for handling of radioactive materials, illegal handling of radioactive materials and improper operation of nuclear facilities are punishable under Articles 252 (Misappropriation of radioactive materials), 253 (Infringement of the rules for handling of radioactive materials), 254 (Illegal handling of radioactive materials) and 255 (Improper operation of nuclear facilities) of the Criminal Code of the Republic of Uzbekistan.

89. At the same time, theft and misappropriation of another's property, including radioactive materials, is punishable under Articles 164 (Robbery), 166 (Pillage), 167 (Theft by embezzlement), 168 (Fraud) and 169 (Theft) of the Criminal Code of the Republic of Uzbekistan.

90. Thus, Uzbekistan has criminalized the theft of nuclear materials.

91. Oliy Majlis decree No. 133-II dated August 31, 2000 paved the way for Uzbekistan's accession to the Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf.

92. Pursuant to the above decree, Uzbekistan established its jurisdiction over the offenses set forth in Article 2 of the Protocol in respect of all cases provided for in paragraph 2 of Article 3 of the Protocol.

93. Therefore, Uzbekistan has ensured compliance with the requirements for criminalization of unlawful acts against the safety of fixed platforms².

2. There is no sufficient information on measures taken to implement UN Security Council Resolutions 1267 (1999), 1333 (2000), 1363 (2001), 1390 (2002), 1455 (2003) and 1526 (2004);

94. Information on measures taken to implement the relevant Security Council resolutions is provided below, in the section on measures taken to implement Special Recommendation III.

Special Recommendation III

1. The current regime for suspension of transactions and application of criminal-procedural mechanisms in respect of individuals listed as terrorists raises questions as to the effectiveness of the implementation of Resolutions 1267 and 1373;

2. The necessary mechanisms for reviewing and using data on the subjects of freezing submitted by foreign countries are absent;

3. It is necessary to establish procedures for dealing with requests for de-listing;

4. There are no mechanisms in Uzbekistan allowing access to the part of the funds needed to satisfy basic living needs as required by UNSCR No.1452.

95. During the reporting period, the Interagency Working Commission for the Study and Implementation of the Revised FATF Recommendations prepared draft presidential decree "On Measures to Further Improve the Mechanisms for Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction." Currently, this draft presidential decree is in the process of being coordinated with the concerned ministries and departments.

96. The draft presidential decree provides for the following:

- approval of the Regulations on the Freezing of Assets and Suspension of Transactions with Funds or Other Assets of Persons Involved or Suspected of Involvement in Terrorist Activities, as well as Persons Involved in the Proliferation of Weapons of Mass Destruction;
- imposition of a ban on operations and transactions with the assets of persons involved or suspected of involvement in terrorist activities, as well as involved in the proliferation of weapons of mass destruction;

² this information was neither provided to assessors during the mutual evaluation nor cited in the subsequent follow-up reports

- assignment of responsibility for suspending transactions and freezing assets of individuals included in the lists of persons involved or suspected of involvement in terrorist activities, as well as involved in the proliferation of weapons of mass destruction, to organizations carrying transactions with funds or other assets.

97. The draft Regulations on the Freezing of Assets and Suspension of Transactions with Funds or Other Assets of the Persons Involved or Suspected of Involvement in Terrorist Activities, as well as Persons Involved in the Proliferation of Weapons of Mass Destruction, contain the requirements establishing;

- the procedure for drawing up lists of persons involved or suspected of involvement in terrorist activities, as well as involved in the proliferation of weapons of mass destruction (the "Lists"), specifying the grounds for listing and delisting of persons;
- the procedure for bringing the Lists to the attention of organizations carrying out transactions with funds or other assets;
- the procedure for the suspension of transactions and freezing of assets;
- the procedure for providing access to the frozen assets in special cases;
- the procedure for appealing against the listing decisions;
- the procedure for the submission of listing requests;

98. The above bill includes provisions aimed at addressing the shortcomings of SR III noted in the Mutual Evaluation Report of the Republic of Uzbekistan and is aimed to ensuring compliance with UN Security Council Resolutions.

Other recommendations (R. 6, 8, 15, 17, 25, 29, 30, 32, 33, SR VI, SR VIII, SR IX)

Recommendation 6

99. As part of efforts aimed at implementing the requirements of the UN Convention against Corruption, Uzbekistan is drafting a Law "On Combating Corruption." The bill includes provisions for conducting enhanced monitoring in respect of PEPs and other measures required under the 6th FATF recommendation.

100. All IRs contain requirements for the assignment of non-residents to the category of high-risk customers and conducting enhanced CDD measures in respect of them.

101. The Department under the Prosecutor General's Office took steps to facilitate the adoption by organizations carrying out transactions with funds or other assets of the World-Check database, by advising all financial institutions to use this database, its analogs and open sources of information in order to check for the presence of foreign politically persons among its customers.

Recommendation 8

102. During 2013-2015, Uzbekistan integrated into all 12 IRs the requirements for organizations carrying out transactions with funds or other assets to take steps to prevent the use of technological developments for ML/FT purposes.

103. For this purpose, these organizations are required to identify and assess the risk that may arise in connection with the emergence of new services and new business practices based on new or emerging technologies for both new and existing services.

104. Such risk assessment should be carried out by organizations prior to the launch of new services, business practices or the use of new or emerging technologies, and should be accompanied by the adoption of measures aimed at mitigating these risks.

Recommendations 11 and 12

105. All IRs have been amended to include requirements to pay special attention to, and record the findings and conclusions of due diligence measures taken in respect of, all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or visibly lawful purpose, which are attached to the customer due diligence materials.

106. See paragraph 23³ of IR for insurers and insurance brokers, paragraph 20³ of IR for real estate agents, paragraph 19³ of IR for organizations engaged in the provision of leasing services, paragraph 18³ of IR for professional securities market participants, paragraph 22³ of IR for audit firms, paragraph 23³ of IR for notary offices and advocacy groups, paragraph 21³ of IR for lottery organizers, paragraph 19³ of IR for postal services providers, paragraph 17⁵ of IR for persons carrying out transactions with precious metals and precious stones, paragraph 29 of IR for members of exchanges, paragraph 41 of IR for non-banking credit organizations, and paragraph 51 of IR for commercial banks.

Recommendation 15

107. Paragraph 30 of the IR for organizations engaged in the provision of leasing services and paragraph 20¹ of the IR for postal services providers state that the requirements of internal regulations should be brought to the attention of leasing companies and postal services providers.

108. In accordance with Uzbekistan's Law No. ZRU-345 of December 29, 2012, all microcredit organizations whose net asset value exceeds 1 billion sums shall establish an internal audit service responsible, among others, for monitoring and assessing the performance of the microcredit organization's executive body and its branches by checking and monitoring their compliance with applicable legislation. Pursuant to pars. 18 and 24 of the Regulations on the Audit of Microcredit Organizations No. 2379 of July 17, 2012, audits of microcredit organizations shall always include a performance review of their internal control systems. In accordance with the amendment made to paragraph 73 of the IR for non-banking credit institutions in March 2013, the responsibility for monitoring the performance of the designated employee or internal control unit in a non-banking credit institution that has its own internal control unit shall lie with such internal control unit.

109. Paragraph 12 of the IR for organizations engaged in the provision of leasing services and the amended in July 2013 paragraph 10 of the IR for postal services providers establish a requirement for AML/CFT training of employees.

110. Paragraph 7 of the IR for insurers and insurance brokers established qualification requirements for the insurance companies' personnel responsible for AML/CFT.

111. Paragraphs 11 (including with amendments dated March 2013) and 12 of the IR for non-banking credit institutions established AML/CFT-based qualification requirements for designated persons and employees of microcredit organizations and pawnshops.

112. Paragraph 4 of the IR for organizations engaged in the provision of leasing services established AML/CFT-based qualification requirements for designated persons and employees.

Recommendation 16

113. During 2010-2014, the IRs for real estate agents (paragraphs 4, 12), dealers in precious metals and stones (paragraphs 4, 10), audit firms (paragraphs 5, 6¹), notary offices and advocacy groups (paragraphs 8, 13) and lottery organizers (paragraphs 4, 10) were amended to include a requirement for the appointment of a designated person by the management and provision of training.

114. Therefore, Uzbekistan has eliminated the shortcomings related to this recommendation.

Recommendation 17

115. In the reporting period, measures were taken to further improve the regulatory framework governing the application of sanctions for AML/CFT violations.

116. Cabinet of Ministers resolution No. 180 dated July 3, 2015 amended the Regulations on the Ministry of Finance of the Republic of Uzbekistan, the Regulations on the Centre for Coordination and Development of the Securities Market, and the Regulations on the State Committee for Privatization, De-monopolization and Development of Competition, providing for the imposition of penalties for identified violations against insurers and insurance brokers, organizations engaged in the provision of leasing services, audit firms, organizers of lotteries and other games based on risk, professional securities market participants, members of exchanges and real estate agents.

117. Pursuant to Articles 13, 14 and 21 of the Law "On Exchanges and Exchange Activity," with a view to improving the mechanism for monitoring compliance by members of exchanges with AML/CFT legislation, the State Committee for Privatization, De-monopolization and Development of Competition and the Department issued a decree dated March 18, 2014 that amended the IR for members of exchanges (registered with the Ministry of Justice under No. 2038-2 on April 18, 2014), assigning the responsibility for monitoring the enforcement by members of exchanges of internal regulations to the exchanges themselves, as well as introducing a requirement for the exchanges to impose sanctions for violation of these regulations.

118. In line with the above amendments to the IR for members of exchanges, the exchanges established penalties for violation of the internal regulations, including fines, suspension of traders from participation in trading and revocation of accreditation.

119. Pursuant to Art. 10 of the Law "On Insurance," the Specially Designated State Body (Ministry of Finance) is empowered to take measures and impose sanctions against insurers and insurance brokers in accordance with applicable law for violation of the anti-money laundering and terrorist financing legislation.

120. The decree of the Ministry of Finance, the State Tax Committee and the State Committee for De-monopolization and Support of Competition and Entrepreneurship approved the "Regulations on Penalties against Insurers for Violation of the Law on Insurance Activity" No. 1842 dated August 15, 2008, providing for the imposition of penalties against insurers for violation of internal regulations related to AML/CFT.

121. The Interagency Working Commission for the Study and Implementation of the Revised FATF Recommendations is working to expand the range of penalties for violations of AML/CFT legislation.

Recommendation 24

122. In connection with the adoption in December 2010 of Law "On Real Estate Activity," Cabinet of Ministers resolution No. 129 dated May 10, 2011 approved the Regulations on Licensing of Real Estate Activity and designated the licensing authority (the State Committee for Privatization, De-monopolization and Development Competition).

123. The Department under the General Prosecutor's Office approved on August 8, 2011 the Internal Regulations on Anti-Money Laundering and Terrorist Financing for real estate agents (Reg. No. 2257 of August 24, 2011). Previously, due to the absence of the appropriate licensing authority, the responsibility for drafting and approval of the IR for real estate agents, as well as for monitoring compliance therewith, was assigned to the Department under the General Prosecutor's Office.

124. Cabinet of Ministers resolution No. 180 dated July 3, 2015 "On Amendments to Certain Government of the Republic of Uzbekistan Decisions in Connection with Improvements to the National Anti-Money Laundering and Terrorist Financing System" amended the Regulations on the Ministry of Finance and the State Committee for Privatization, De-monopolization and Development of Competition, assigning them the responsibility for monitoring compliance with

AML/CFT regulations and application of penalties against audit firms, lottery organizers and real estate agents.

125. The existing organizational and staff structure of the Department under the General Prosecutor's Office, comprising 1,197 employees and regional offices at both the regional and district level, is fully sufficient to ensure the proper monitoring of compliance with AML/CFT requirements by dealers in precious metals and stones.

126. Therefore, Uzbekistan has eliminated the shortcomings related to this recommendation.

Recommendation 25

127. The Department forwards on an ongoing basis to the relevant supervisory authorities the information and analytical materials on the latest ML/FT methods and techniques, as well as the published FATF and EAG guidelines and typological studies, for subsequent notification of financial institutions and DNFBPs.

128. As part of measures designed to facilitate feedback, the Department introduced in the reporting period a practice of notification of supervisory and regulatory authorities of the typical mistakes and shortcomings in complying with AML/CFT legislation committed by financial institutions and DNFBPs

129. For example, following a review of reports submitted to the Central Bank of the Republic of Uzbekistan in 2014, the Department released information on the shortcomings committed by commercial bank in preparing and submitting reports.

130. This information was heard at the enlarged meeting of the Central Bank on April 9, 2015, attended by representatives of the Department under the Prosecutor General's Office and commercial banks' internal control units. During the meeting, representatives of the Department informed the compliance staff of the latest ML/FT mechanisms, gave examples of best practices and explained the requirements of the FATF Recommendations and national legislation.

131. The Department under the General Prosecutor's Office notified in October 2014 the Ministry of Justice, the Ministry of Finance and the State Committee for Privatization, De-monopolization and Development of Competition of the shortcomings existing in the internal controls and reporting systems used by notary offices, advocacy group, audit firms, lottery organizers and real estate agents.

132. Following a review of the submitted information, the Ministry of Justice, the Ministry of Finance and the State Committee for Privatization, De-monopolization and Development of Competition, in conjunction with the Department under the General Prosecutor's Office, organized training workshops in all regions.

133. In addition, during the training activities organized for the compliance staff (80 such activities were organized in the reporting period), representatives of the Department under the General Prosecutor's Office explain at all times the issues concerning the application of various requirements of the AML/CFT legislation.

134. At the 22th EAG Plenary meeting (May 2015, Tashkent), consultations were held with the private sector titled "Risk Assessment and the Role of the Private Sector. Guidelines and Feedback," attended by the representatives of Uzbekistan's FIU, regulatory authorities and the private sector.

135. Central Bank decree dated April 28, 2015 established the ad hoc Working Group to prepare proposals for improving the legislation governing the activities of banks, in compliance with international AML/CFT requirements. This Working Group is tasked with studying the international experience, preparing proposals for the implementation of the FATF Recommendations as well as drafting regulations, model internal documents and manuals for the implementation of the AML/CFT legislation for commercial banks.

Recommendation 29

136. In 2012, the Uzbek Agency for Communications and Information was reorganized into the State Committee for Communications, Informatization and Telecommunication Technologies of Uzbekistan.

137. Cabinet of Ministers resolution No. 355 dated December 19, 2012 approved the Regulations on the State Committee for Communication, Informatization and Telecommunication Technologies of the Republic of Uzbekistan and on the State Inspectorate for Supervision over Communications, Informatization and Telecommunication Technologies, assigning to the former the responsibility for the drafting and approval of IRs and setting up of internal controls for postal services providers, and to the latter, for conducting inspections and drawing up administrative protocols.

138. In accordance with presidential decree No. UP-4702 dated February 4, 2015, Goskomsvyaz was reorganized into the Ministry for the Development of Information Technologies and Communications of the Republic of Uzbekistan. The Regulations on this ministry was approved by the Cabinet of Ministers resolution No. 87 dated April 10, 2015, with the retention of all AML/CFT powers and duties.

139. In the period from 2012 till present day, the Ministry for the Development of Information Technologies and Communications conducted 7 field and 13 desk inspections for compliance with AML/CFT regulations by postal services providers, resulting in 15 identified violations, 10 written warnings and 5 instructions to eliminate the identified violations.

140. Therefore, Uzbekistan has fully eliminated the deficiency related to the Uzbek Communications and Information Agency's lack of powers to monitor compliance with AML/CFT regulations.

141. In the reporting period, Uzbekistan expanded the range of sanctions imposed against organizations carrying out transactions with funds or other assets. In particular, sanctions can additionally be imposed against insurers and insurance brokers as well as members of exchanges (*see above*).

Recommendation 30

142. Cabinet of Ministers resolution No. 180 dated July 3, 2015 "On Amendments to Certain Government of the Republic of Uzbekistan Decisions in Connection with Improvements to the National Anti-Money Laundering and Terrorist Financing System" amended departmental regulations on structural subdivisions of the Ministry of Finance, the State Committee for Privatization, De-monopolization and Development of Competition, and the Centre for Coordination and Development of the Securities Market, assigning them responsibilities for AML/CFT.

143. During the period from 2010 to 2015, the Department, jointly with the relevant regulatory authorities, organized over 100 seminars (including more than 20 international seminars and workshops) for their staff involved in AML/CFT.

144. Following the launch in June 2013 of the EAG's videoconferencing system, this technology has been used to organize approximately 40 events (seminars, round tables, discussions, etc.), attended by over 300 employees of the FIU, the Central Bank, the Ministry of Internal Affairs, the National Security Service, the State Customs Committee, the State Tax Committee, the Ministry of Finance, the Ministry of Justice, the Ministry for the Development of Information Technologies and Communications, the State Committee for Privatization, De-monopolization and Development of Competition, the Center for Coordination and Development of the Securities Market and other government agencies involved in AML/CFT.

145. A total of 20 training workshops for the Department employees on various financial investigation techniques have been organized in the period from 2011 till present day, of which 3 training courses on financial investigation techniques and confiscation of criminal assets were organized for the Department staff in conjunction with the Drug Enforcement Administration of the U.S. Ministry of Justice in the first six months of this year alone.

146. The Department's Financial Transactions Monitoring and System Analysis Section performs the functions of a supervisory unit responsible for monitoring compliance with IRs.

Recommendation 32

147. No transactions involving the assets of persons included in the sanctions lists on the basis of UN Security Council Resolutions, carried out by financial and non-financial institutions of Uzbekistan were detected. Therefore, no freezing mechanisms were used.

148. Statistics on FT offenses are maintained by specialized analytical departments of the General Prosecutor's Office, the Interior Ministry and the National Security Service, and are also made available to the Department under the Prosecutor General's Office.

149. Uzbekistan's ministries and departments, within their remit, maintain statistics on AML/CFT inspections and sanctions (*see table 6*).

Recommendation 33

150. All IRs contain a requirement whereby the designated persons of organizations carrying out transactions with funds or other assets shall, in performing the identification of legal persons, take reasonable and available steps to identify the individual acting as the beneficial owner of the client and who ultimately owns or controls such client, including by examining the client's ownership and management structure and identifying its founders (shareholders, participants).

151. In addition, all IRs provide for the verification of the information submitted by the client by:

- using the customer information obtained from government agencies and other organizations;
- studying the relationship of the client with the previous organization;
- gathering information about the business reputation of the client.

152. *See* paragraph 22 of the IR for insurers and insurance brokers, paragraph 18 of IR for real estate agents, paragraph 17 of IR for organizations engaged in the provision of leasing services, paragraph 17 for IR for professional securities market participants, paragraph 20 of IR for audit firms, paragraph 21 of IR for notary offices and advocacy groups, paragraph 20 of IR for lottery organizers, paragraph 17 of IR for postal services providers, paragraph 15 of IR for persons carrying out transactions with precious metals and precious stones, paragraph 22 of IR for members of exchanges, paragraph 23 of IR for non-banking credit organizations, and paragraph 32 of IR for commercial banks.

153. In order to increase access for the competent authorities and organizations carrying out transactions with funds or other assets to the information on the founders of legal entities, Cabinet of Ministers resolution No. 179 dated July 3, 2015 amended the Regulations on the Unified State Register of Enterprises and Organizations (USREO), classifying address and founder details along with the date of state registration of legal entities as public information.

154. The State Committee on Statistics posts USREO on its website.

155. According to the Joint Regulations on the Procedure for the Provision by the State Committee on Statistics of Information to the Department, approved on June 11, 2013, information contained in USREO shall be provided to the Department for AML/CFT purposes.

156. Therefore, Uzbekistan has taken steps to ensure the identification and verification of the owners of legal persons, as well as the use of the register of legal persons for AML/CFT purposes.

Special Recommendation VI

157. Pursuant to Article 6 of the Law "On Currency Regulation," money remittances are classified as currency transactions, and as such are subject to licensing by the Central Bank of the Republic of Uzbekistan.

158. Banking activities, along with the carrying out of foreign currency transactions by banks and other legal entities and individuals, are subject to licensing and are included in the List of licensed activities, approved by Oliy Majlis decree No. 222-II dated May 12, 2001 (as amended by Law No. ZRU-352 of Apr 30, 2013).

159. Pursuant to Cabinet of Ministers resolution No. 236 dated 28 June 2002, the Central Bank was designated as the licensing authority for banking activities and foreign currency transactions.

160. The procedure for the issuance of licenses to carry out foreign currency transactions is set out in the Guidelines for the Issuance to Commercial Banks of Licenses to Carry Out Foreign Currency Transactions, registered with the Ministry of Justice on August 3, 1998 under No. 463.

161. The AML/CFT-related deficiencies in remittance services in the banking sector and the postal system have been fully eliminated with the adoption of the IR for commercial banks (as amended November 2013) and amendments to the IR for postal services providers (March 2013) (*see above for corrective measures in respect of Recommendation 5*).

162. The Department, jointly with other law enforcement agencies, carries out operational and investigative activities aimed at combating informal money transfer systems. In the period under review, the Department uncovered 2 instances of illegal money transfers (Hawala).

Special Recommendation VIII

163. In line with the Interagency Working Commission for the Study and Implementation of the Revised FATF Recommendations Activities Plan 2014, the Ministry of Justice drew up an inventory of regulations governing the activities of NGOs and their compliance with the FATF Recommendations. The compiled data was subsequently used in the drafting of a bill amending the laws "On Banking Secrecy," "On Non-governmental Organizations" and the Administrative Code, which was submitted on June 20, 2015 to the Government of the Republic of Uzbekistan for consideration.

164. In addition, in accordance with the above activities plan, the Ministry of Justice has also studied international experience in regulating the activities of NGOs in the AML/CFT area.

165. Cabinet of Ministers resolution "On Measures to Improve the Mechanisms for Approving and Monitoring the Implementation of Investment Projects and Management of Humanitarian Aid and Technical Assistance" No. 251 dated November 15, 2005 established a procedure governing the preparation and coordination of project proposals as well as monitoring and control over the proper use of technical assistance of donor countries, international and foreign governmental and non-governmental organizations.

166. According to the said procedure, grant funds intended for beneficiaries in the Republic of Uzbekistan may only be credited to special accounts opened with the National Bank for Foreign Economic Activity of the Republic of Uzbekistan and the joint stock commercial bank Asaka, both of which implement a full range of AML/CFT measures required under applicable law.

167. In addition, the Department and the Ministry of Justice are cooperating in conducting inspections of NGOs, including through the use of the Department's capabilities as a national FIU and a member of the Egmont Group in engaging in information exchange.

Special Recommendation IX

168. Presidential Decree No. PP-1914 "On Further Deregulation of the Process of Sale of Foreign Currency to Individuals" introduced on 1 February 2013 a procedure for the sale of non-cash foreign currency using international payment cards.

169. The newly introduced mechanism for selling non-cash foreign currency to the public is designed to help reduce cross-border cash movement and risks associated with it. At the same time, commercial banks continue to monitor transactions carried out with the use of international payment cards and conduct CDD, as well as the full identification of the card owners.

170. The Department's cooperation with the customs authorities and other law enforcement agencies is carried out on the basis of joint short- and long-term activities plans.

171. According to the joint Regulations on the Provision of Information dated January 29, 2010, concluded between the State Customs Committee and the Department, the Customs Committee shall provide to the Department on a weekly basis the updated electronic information from its database, including information on cross-border currency movement and export-import operations, as well as the identification data of the persons concerned.

172. The Chief Anti-Smuggling Directorate of the State Customs Committee acts as the designated AML/CFT unit of Uzbekistan's customs authority.

173. In line with the Interagency Working Commission for the Study and Implementation of the Revised FATF Recommendations Activities Plan 2014, the State Customs Committee of the Republic Uzbekistan carries out work aimed at the harmonization of the draft law "On Amendments to the Law 'On the State Customs Service,'" granting customs authorities the power to seize and confiscate funds when there is a suspicion of money laundering or terrorist financing.

REPUBLIC OF UZBEKISTAN
4th Follow-Up Report Table (July 2015)

I. Measures taken in respect of the Core Recommendations (Recommendations 5, 10)

<i>Recommendation</i>	<i>Rating</i>	<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report from June 2010 to July 2015 (To be completed by an EAG Member State)</i>
5. Customer due diligence	PC	<p>1. A list of grounds for conducting CDD in respect of certain financial institutions is insufficient:</p> <ul style="list-style-type: none"> ▪ commercial banks are not required to conduct CDD in respect of certain foreign exchange transactions (money changing and conversion); ▪ members of exchanges are not required to conduct CDD when establishing business relationships; 	<p>1. During the reporting period, the country took steps to further improve customer due diligence (CDD), including when establishing business relationships, carrying out occasional transactions, conducting risk assessment and applying a risk-based approach.</p> <ul style="list-style-type: none"> ▪ Paragraph 22 of the "Internal Regulations on Anti-Money Laundering and Terrorist Financing for Commercial Banks" (as amended), registered with the Ministry of Justice on November 21, 2013 under No. 2528: "22. Commercial banks shall carry out their own CDD in respect of occasional transactions in the following cases: ... b) when carrying out occasional transactions involving: ... -exchange, replacement and (or) conversion by individuals of foreign currency in cash in the amount equal to or greater than 25 times the minimum wage; acceptance from customers for collection and (or) examination of foreign currency in cash...". <p>Amendments were made to the "Internal Regulations on Anti-Money Laundering and Terrorist Financing for Members of Exchanges" (registered with the Ministry of Justice on April 18, 2014 under No. 2038-2:). In particular, paragraph 16 of the IR states: "16. Members of exchanges shall carry out customer due diligence: when establishing a business relationship; ...".</p>

Recommendation	Rating	A brief description of the factors determining the degree of conformity	A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report from June 2010 to July 2015 (To be completed by an EAG Member State)
		<ul style="list-style-type: none"> ▪ professional securities market participants are not required to conduct CDD when carrying out occasional transactions; <p>2. A list of identification data to be obtained from customers by financial institutions (except for credit institutions) is not extensive enough;</p> <p>3. Credit institutions are not required to conduct CDD in respect of public and administrative authorities;</p>	<p>Amendments were made to the "Internal Regulations on Anti-Money Laundering and Terrorist Financing for Professional Securities Market Participants" (registered with the Ministry of Justice on January 15, 2015 under No. 2033-2). In particular, paragraph 12 states:</p> <p>"12. Professional securities market participants shall carry out customer due diligence:</p> <p>... -when carrying out occasional transactions in securities,</p> <p>All IRs for financial institutions were amended to state that "the identification of individual customers shall be carried out on the basis of identity documents (passport or its equivalent). If a natural person is self-employed, his state registration certificate should also be examined.</p> <p>When identifying a corporate customer, reporting entities shall verify the documents certifying such customer's state registration and form of business ownership; information on its principal place of business and directors; as well as the information contained in the statutory documents."</p> <p>See paragraphs 20-21 of the IR for insurers and insurance brokers, paragraphs 16-17 of IR for real estate agents, paragraph 15 of IR for organizations engaged in the provision of leasing services, paragraphs 14-15 for IR for professional securities market participants, paragraphs 18-19 of IR for audit firms, paragraphs 19-20 of IR for notary offices and advocacy groups, paragraphs 18-19 of IR for lottery organizers, paragraphs 15-16 of IR for postal services providers, paragraphs 13-14 of IR for persons carrying out transactions with precious metals and precious stones, paragraphs 19-20 of IR for members of exchanges, paragraphs 25-26 of IR for non-banking credit organizations, and paragraphs 25-26 of IR for commercial banks.</p> <p>Public and administrative authorities are financed from the state budget. In accordance with the Budget Code of the Republic of Uzbekistan dated December 26, 2013, the Accounting Chamber, the Chief Audit Office and treasury</p>

<i>Recommendation</i>	<i>Rating</i>	<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report from June 2010 to July 2015 (To be completed by an EAG Member State)</i>
		<p>4. A requirement to conduct CDD in respect of attempted transactions is absent;</p>	<p>departments of the Ministry of Finance are responsible for monitoring state budget expenditure.</p> <p>The Rules for Treasury-based Budget Execution (Reg. No. 2007 dated September 16, 2009) and Regulations on the Opening, Closing and Maintaining Treasury Accounts of Budget Funds Recipients in the Ministry of Finance of the Republic of Uzbekistan and its regional offices (Reg. No. 2414 dated January 18, 2013) provide for the application of financial control measures, including customer identification and CDD.</p> <p>As stated in Article 13 of the Law of the Republic of Uzbekistan "On Anti-Money Laundering and Terrorist Financing" and all IRs, a suspicious transaction is a transaction, whether already carried out, being carried out, or in the process of being <u>prepared</u>, with funds or other assets suspected, on the basis of the criteria and indicators established by internal regulations, of being carried out for money laundering and terrorist financing purposes.</p> <p>In addition, all IRs contain a provision requiring CDD to be carried out in all areas and during all phases of the transaction execution process (provision of services, performance of activities).</p> <p>See paragraph 18 of the IR for insurers and insurance brokers, paragraph 15 of IR for real estate agents, paragraph 14 of IR for organizations engaged in the provision of leasing services, paragraph 13 for IR for professional securities market participants, paragraph 14 of IR for audit firms, paragraph 17 of IR for notary offices and advocacy groups, paragraph 16 of IR for lottery organizers, paragraph 13 of IR for postal services providers, paragraph 12 of IR for persons carrying out transactions with precious metals and precious stones, paragraph 17 of IR for members of exchanges, paragraph 21 of IR for non-banking credit organizations, and paragraph 22 of IR for commercial banks.</p> <p>In addition, amendments made to all IRs require organizations carrying out transactions with funds or other assets to refuse customers to carry out a transaction in cases where the identification process cannot be completed (i.e., in the case of attempted transactions) or upon the receipt of due diligence data indicating the inappropriateness of establishing a business relationship with such customer.</p>

<i>Recommendation</i>	<i>Rating</i>	<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report from June 2010 to July 2015 (To be completed by an EAG Member State)</i>
		<p>5. Not all financial institutions in Uzbekistan are required to ascertain whether the customer acts on its own behalf or not, as well as to determine the ownership and management structure of corporate customers;</p>	<p>See paragraph 23 of the IR for insurers and insurance brokers, paragraph 20 of IR for real estate agents, paragraph 19 of IR for organizations engaged in the provision of leasing services, paragraph 18 for IR for professional securities market participants, paragraph 22 of IR for audit firms, paragraph 23 of IR for notary offices and advocacy groups, paragraph 21 of IR for lottery organizers, paragraph 19 of IR for postal services providers, paragraph 17 of IR for persons carrying out transactions with precious metals and precious stones, paragraph 24 of IR for members of exchanges, paragraph 31 of IR for non-banking credit organizations, and paragraph 46 of IR for commercial banks.</p> <p>Pursuant to Article 7 of the Law of the Republic of Uzbekistan "On Anti-Money Laundering and Terrorist Financing," customer due diligence measures conducted by organizations carrying out transactions with funds or other assets shall include:</p> <ul style="list-style-type: none"> - verification of the identity and credentials of the customer and persons on whose behalf it is acting, on the basis of the relevant documents; -identification of the owner of, or the person exercising control over, the corporate customer, by studying the ownership and management structure in the constituent documents; -an ongoing study of the customer's business relationships and transactions with funds or other assets in order to ensure their consistency with the customer's profile and activities. <p>In addition, amendments concerning the identification of beneficial owners were made to IRs, requiring the application of "reasonable and available measures to identify the beneficial owners of the customer, including by studying such customer's ownership structure" in the course of customer due diligence.</p> <p>See paragraph 21 of the IR for insurers and insurance brokers, paragraph 19 of IR for real estate agents, paragraph 18 of IR for organizations engaged in the provision of leasing services, paragraph 16 for IR for professional securities market participants, paragraph 21 of IR for audit firms, paragraph 22 of IR for notary offices and advocacy groups, paragraph 19 of IR for lottery organizers, paragraph 18 of IR for postal services providers, paragraph 16 of IR for persons carrying out transactions with precious metals and precious stones, paragraph 23 of IR for</p>

<i>Recommendation</i>	<i>Rating</i>	<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report from June 2010 to July 2015 (To be completed by an EAG Member State)</i>
		<p>6. There is no requirement for financial institutions to request customers to supply information on the purpose and intended nature of the business relationship, as well as information on the origin of funds, where appropriate;</p>	<p>members of exchanges, paragraph 33 of IR for non-banking credit organizations, and paragraphs 27-29 of IR for commercial banks.</p> <p>In accordance with the Regulations "On Accounts Opened in Uzbekistan's Banks" (State Reg. No. 1948 dated Apr 27, 2009), natural and legal persons shall submit to commercial banks the relevant documents, including copies of certificates of state registration and the constituent documents, specifying the objectives and types of activities carried out by the person.</p> <p>In particular, in addition to the taxpayer identification number, certificates of state registration of legal entities should also contain information on the organizational and legal form, form of ownership and the classifier code of the sectors of the economy (OKONH code).</p> <p>Also, the IR require banks and non-banking credit organizations carrying out customer identification to make record of any licenses to engage in activities subject to licensing issued to their customer.</p> <p>In addition all IRs were amended to include a requirement to request customers, in the course of implementation of internal control measures, to provide information on the purpose and intended nature of the business relationship, as well as information on the origin of funds, where appropriate,</p> <p>See paragraph 16-1 of the IR for insurers and insurance brokers, paragraph 10 of IR for real estate agents, paragraph 10 of IR for organizations engaged in the provision of leasing services, paragraph 13-1 of IR for professional securities market participants, paragraph 14-2 of IR for audit firms, paragraph 16-1 of IR for notary offices and advocacy groups, paragraph 14-3 of IR for lottery organizers, paragraph 11-1 of IR for postal services providers, paragraph 9 of IR for persons carrying out transactions with precious metals and precious stones, paragraph 13 of IR for members of exchanges, paragraph 22 of IR for non-banking credit institutions, and paragraph 22 of IR for commercial banks.</p>

<i>Recommendation</i>	<i>Rating</i>	<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report from June 2010 to July 2015 (To be completed by an EAG Member State)</i>
		7. There are no clear rules for conducting CDD (monitoring of customer transactions) on an ongoing basis in the non-banking financial sector;	<p>Pursuant to par. 9 of the Regulations "On the Accounting Ledger for Off-Exchange Transactions in Securities" (Reg. No. 1919 of March 9, 2009), in order to register an off-exchange transaction in securities, the register shall establish in the course of the registration process the identity of the alienator and purchaser, or their authorized representative (s), verify the credentials of the authorized representative of the alienator and purchaser, and ascertain the possession by the alienator of the required number of alienable securities of the type specified in the document submitted for registration of an off-exchange transaction in securities.</p> <p>In addition, all IRs for the non-banking financial sector were amended to include a requirement to conduct an ongoing study of the customer's business relationships and transactions with funds or other assets in order to ensure their consistency with the customer's profile and activities.</p> <p>See paragraph 16-1 of the IR for insurers and insurance brokers, paragraph 15 of IR for real estate agents, paragraph 14 of IR for organizations engaged in the provision of leasing services, paragraph 13 of IR for professional securities market participants, paragraph 15 of IR for audit firms, paragraph 17 of IR for notary offices and advocacy groups, paragraph 16 of IR for lottery organizers, paragraph 13 of IR for postal services providers, paragraph 12 of IR for persons carrying out transactions with precious metals and precious stones, paragraph 17 of IR for members of exchanges, and paragraph 21 of IR for non-banking credit institutions.</p>

	<p>8. Requirements to conduct enhanced CDD in respect of high-risk customers do not apply to all organizations of the financial sector (except for credit institutions and exchanges);</p>	<p>The IRs were amended to include a requirement stating that "Organizations shall conduct enhanced due diligence measures if one of the parties to the transaction is a person permanently residing, situated or registered in a country which is not involved in the international fight against money laundering and terrorist financing, or in an offshore jurisdiction, as well as in respect of customers classified as high risk.</p> <p>Enhanced customer due diligence measures include:</p> <ul style="list-style-type: none">obtaining additional information about the customer (type of activity, size of assets, information available through public databases, etc.) and the more frequent updating of customer and beneficial owner data;obtaining from the customer information about the source of its funds;obtaining information about the reasons for concluding an insurance contract or previously signed insurance contracts;monitoring the business relationship with the customer by studying insurance contracts concluded with it." <p>These changes are provided in the following IRs.</p> <p>Paragraphs 16-2 and 16-3 of the IR for insurers and insurance brokers, paragraphs 14 and 14-1 of IR for real estate agents, paragraphs 13-1 and 13-2 of IR for organizations engaged in the provision of leasing services, paragraphs 13 and 13-1 of IR for professional securities market participants, paragraphs 14-1 and 14-2 of IR for audit firms, paragraphs 16 and 16-1 of IR for notary offices and advocacy groups, paragraphs 14-2 and 14-3 of IR for lottery organizers, paragraphs 11 and 11-1 of IR for postal services providers, paragraphs 17-1 and 17-2 of IR for persons carrying out transactions with precious metals and precious stones.</p>
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<i>Recommendation</i>	<i>Rating</i>	<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report from June 2010 to July 2015 (To be completed by an EAG Member State)</i>
		<p>9. A clear procedure detailing the steps organizations carrying out transactions with funds and other assets in the non-banking financial sector should take in the case of negative CDD results is absent (except for non-submission of documents for identification);</p>	<p>Amendments made to all IRs require organizations carrying out transactions with funds or other assets to refuse customers to carry out a transaction in cases where the identification process cannot be completed, or upon the receipt of due diligence data indicating the inappropriateness of establishing a business relationship with such customer. In addition, in accordance with the above amendments, "the inability to complete the identification process, or receipt of due diligence data indicating the inappropriateness of establishing a business relationship with such customer" meet the suspicious transaction criteria.</p> <p>See paragraph 23 of the IR for insurers and insurance brokers, paragraph 21 of IR for real estate agents, paragraph 20 of IR for organizations engaged in the provision of leasing services, paragraph 19 of IR for professional securities market participants, paragraph 23 of IR for audit firms, paragraph 24 of IR for notary offices and advocacy groups, paragraph 21 of IR for lottery organizers, paragraph 20 of IR for postal services providers, paragraph 18 of IR for persons carrying out transactions with precious metals and precious stones, paragraph 30 of IR for members of exchanges, paragraph 31 of IR for non-banking credit institutions, and paragraphs 44 and 46 of IR for commercial banks.</p>
		<p>10. Not all by-laws governing other relationships (e.g., foreign exchange transactions) are aligned with the existing AML/CFT legislation;</p>	<p>The "Regulations Governing the Procedure for Carrying Out Foreign Exchange Transactions Involving Individuals through Authorized Banks," approved by Board of the Central Bank decree No. 4/7 dated February 16, 2013 (Reg. No. 2437 of February 20, 2013), provide for the application of CDD in respect of all foreign exchange transactions.</p>
		<p>11. There is no requirement to carry out the verification of data provided by customers, except for identity check;</p>	<p>All IRs were amended to include a requirement to verify the information provided by the customer by matching it against the information obtained from government agencies and other organizations, as well as by gathering information from publicly available sources, studying business reputation, etc.</p> <p>See paragraph 22 of the IR for insurers and insurance brokers, paragraph 18 of IR for real estate agents, paragraph 17 of IR for organizations engaging in the provision of leasing services, paragraph 17 of IR for professional securities market participants, paragraph 20 of IR for audit firms, paragraph 21 of IR for notary offices and advocacy groups, paragraph 20 of IR for lottery organizers, paragraph</p>

<i>Recommendation</i>	<i>Rating</i>	<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report from June 2010 to July 2015 (To be completed by an EAG Member State)</i>
			<p>17 of IR for postal services providers, paragraph 15 of IR for persons carrying out transactions with precious metals and precious stones, paragraph 22 of IR for members of exchanges, paragraph 23 of IR for non-banking credit institutions, and paragraph 32 of IR for commercial banks.</p> <p>In order to provide financial institutions with access to the databases of government agencies, the Cabinet of Ministers of the Republic of Uzbekistan adopted resolution No. 179 dated July 3, 2015, instructing the State Statistics Committee to post on its website for view by members of the public the Unified State Register of Enterprises and Organizations (EGRPO), containing address details, information on the founders and the date of state registration of legal entities.</p>
		<p>12. Requirements to update customer information applicable to professional securities market participants, members of exchanges and postal operators are absent;</p>	<p>The IR for professional securities market participants (par. 9), members of exchanges (par. 23) and postal services providers (par. 19-4) were amended to include a requirement for an annual update of customer due diligence and identification data.</p> <p>In addition, according to the amendments made to IRs, enhanced CDD measures include: obtaining additional information about the customer (type of activity, size of assets, information available through public databases, etc.) and the <u>more frequent updating</u> of customer and beneficial owner data;</p>

<i>Recommendation</i>	<i>Rating</i>	<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report from June 2010 to July 2015 (To be completed by an EAG Member State)</i>
10. Record keeping	PC	1. The requirement to store data in volumes sufficient to be used as evidence in administrative or criminal proceedings (except for credit institutions) is absent:	<p>All IRs were amended to include a requirement for a mandatory retention of data on transactions with funds or other assets, as well as customer identification and due diligence data, including business correspondence, in volumes sufficient to permit reconstruction of individual transactions, for a period stipulated by applicable law, but not less than five years after the transaction execution date or termination of a business relationship with the customer.</p> <p>In addition, according to the amendments made to IRs, in order to restrict access to all the documents (correspondence with the Center and the Department, including paper and electronic copies of submitted reports, paper and electronic customer profiles, ledgers, etc.) used by the controller in its work, such documents and their checklists shall be stored in a specially equipped room or a fire-resistant safe.</p> <p>Electronic copies of the documents should be archived using appropriate software, recorded on electronic media and stored by the controller together with their checklists in a sealed, fire-resistant safe.</p>

<i>Recommendation</i>	<i>Rating</i>	<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report from June 2010 to July 2015 (To be completed by an EAG Member State)</i>
		<p>2. With regard to some positions, the country's laws and by-laws provide for a 3-year retention period, which falls short of the AML/CFT requirements;</p>	<p>Pursuant to Article 21 of the Law "On Anti-Money Laundering and Terrorist Financing," organizations carrying out transactions with funds or other assets shall retain data related to transactions with funds or other assets, as well as customer identification and due diligence data, for a period stipulated by applicable law, but not less than five years after the transaction execution date or termination of the relationship with customers.</p> <p>In addition, Articles 38 and 41 of the Tax Code of the Republic of Uzbekistan state that primary documents, accounting records and other documents used as the basis for determining taxable items and items related to taxation, as well as for the calculation of taxes and other mandatory payments, shall be retained for the duration of the statute of limitation on tax liabilities, which is 5 years.</p> <p>Law of the Republic of Uzbekistan No. ZPU-352 of April 30, 2013 makes it mandatory for audit firms to retain audit reports for at least 5 years.</p> <p>Pursuant to Article 16 of the Law "On Regulations," in the event of any discrepancy between regulations of equal legal force, the earlier adopted regulations shall prevail. As a consequence, organizations must set in practice a retention period for documents of at least 5 years, rather than 3 years as stated in the Law "On Accounting." Uzbekistan has ensured compliance with the FATF 10th Recommendation with respect to the essential criteria.</p> <p>Thus, pursuant to the order of the general director of the Center for Coordination and Development of the Securities Market under the State Committee for Privatization, De-monopolization and Development of Competition No. 1915-3 dated December 19, 2014 "On Amendments to the Annex to the Regulations on the Maintenance and Safekeeping by Professional Securities Market Participants of Records of Transactions Carried Out by Them in the Securities Market," professional securities market participants shall retain records of transactions in the securities market carried out by them for at least 5 years.</p> <p>In addition, amendments were made to the "Document Retention Guidelines for Commercial Banks," registered with the Ministry of Justice on July 26, 2000 under No. 951, extending the retention period for certain documents from 3 years to 5 years.</p>

<i>Recommendation</i>	<i>Rating</i>	<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report from June 2010 to July 2015 (To be completed by an EAG Member State)</i>
			<p>Cabinet of Ministers resolution No. 116 dated May 11, 2015 approved the Program for the Drafting and Submission in 2015 to the Legislative Chamber of Oliy Majlis of Draft Laws and Other Regulations. Paragraph 2 of section II of this Program provides for the drafting of a bill "On Amendments to the Law 'On Accounting.'" which, among others, sets retention periods for accounting documents.</p> <p>Based on the foregoing, Uzbekistan has ensured compliance with the substantial criteria established by Recommendation 10.</p>

II. Measures taken in respect of the Key Recommendations (Recommendations 23, 40 and Special Recommendations I, III)

Recommendation	Rating	A brief description of the factors determining the degree of conformity	A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report (from June 2010 to July 2015) (To be completed by an EAG Member State)
23. Regulation, supervision and monitoring	PC	1. The AML/CFT monitoring and supervision regime does not apply to organizations accepting payments from the public via automated terminals;	<p>In Uzbekistan, acceptance of payments from the public via automated terminals is the exclusive prerogative of commercial banks, which, pursuant to the law "On Anti-Money Laundering and Terrorist Financing," are included in the list of organizations carrying out transactions with funds or other assets and which therefore are subject to AML/CFT monitoring and supervision. In particular, pursuant to sub-par. "b" of par. 22 of the "Internal Regulations on Anti-Money Laundering and Terrorist Financing for Commercial Banks" (as amended), registered with the Ministry of Justice on November 21, 2013 under No. 2528, commercial banks shall conduct CDD in respect of occasional transactions carried out by individuals using plastic cards (cash withdrawals, payments for goods and services) via terminals located in a commercial bank.</p> <p>As of July 1, 2014, there were aprx. 2,000 self-service payment terminals in Uzbekistan. It should be noted that that self-service payment terminals can only be used for payment of utility and phone (mobile and landline) bills. All such terminals are the property of their respective commercial banks, which, in turn, are subject to AML/CFT supervision.</p> <p>In addition, internal regulations of commercial banks establish thresholds for maximum payment amounts.</p>
		2. Monitoring and supervision of leasing companies is de facto absent;	<p>Pursuant to Cabinet of the Ministers resolution No. 143 dated May 2, 2011 "On Measures to Further Develop and Streamline the Provision of Leasing Services in the Republic of Uzbekistan," the Ministry of Finance of the Republic of Uzbekistan was named as the designated authority responsible for coordinating the activities of organizations engaged in the provision of leasing services.</p> <p>In that context, pursuant to Article 6 of the Law "On Anti-Money Laundering and Terrorist Financing," the Ministry of Finance and the Department approved on September 22, 2011 the Internal Regulations on Anti-Money Laundering and Terrorist Financing for organizations engaged in the provision of leasing services.</p>

			<p>Pursuant to Article 6 of the Law "On Anti-Money Laundering and Terrorist Financing" and paragraph 29 of the IR for organizations engaged in the provision of leasing services, the responsibility for monitoring compliance by leasing companies with the IR lies with the Ministry of Finance and the Department.</p> <p>In addition, Cabinet of Ministers resolution No. 180 dated July 3, 2015 amended the Regulations on the Ministry of Finance of the Republic of Uzbekistan, assigning to the said ministry the responsibility (to be shared with the designated authority) for the drafting and approval of the IR for organizations engaged in the provision of leasing services, monitoring compliance therewith and imposition of penalties for violation thereof.</p>
		<p>3. A regulatory framework for AML/CFT monitoring and supervision is yet to cover all types of financial institutions.</p>	<p>The legal framework for conducting AML/CFT monitoring and supervision for banks, microcredit institutions, pawnshops and organizations providing remittance, payment and settlement services was established based on the Regulations on the Measures and Sanctions Applied by the Central Bank of the Republic of Uzbekistan against Commercial Banks, Microcredit Organizations and Pawnshops for Violation of Anti-Money Laundering and Terrorist Financing Legislation (registered with the Ministry of Justice under No. 2063 on January 13, 2010).</p> <p>Pursuant to Art. 50 of the Law "On the Securities Market" and paragraph 28 of the IR for professional securities market participants, Uzbekistan established a legal framework for conducting AML/CFT monitoring and supervision in the securities market. The legal framework for monitoring and supervising the activities of leasing companies was established pursuant to Cabinet of Ministers resolution No. 143 dated May 2, 2011 "On Measures to Further Develop and Streamline Leasing Services in the Republic of Uzbekistan."</p> <p>Cabinet of Ministers Resolution No. 355 dated Dec 19, 2012 empowered the State Committee for Communications, Informatization and Telecommunication Technologies of the Republic of Uzbekistan to conduct AML/CFT compliance monitoring, and the State Inspectorate for Supervision over Communications, Informatization and Telecommunication Technologies to oversee compliance by postal services providers with the IR.</p> <p>Cabinet of Ministers Resolution No. 180 dated July 3, 2015 amended the Regulations on the Ministry of Finance of the Republic of Uzbekistan,</p>

			<p>the Regulations on the Center for Coordination and Development of the Securities Market, and the Regulations on the State Committee for Privatization, De-monopolization and Development of Competition, assigning to the said agencies the responsibility (to be shared with the designated authority) for the drafting and approval of the Internal Regulations, monitoring compliance therewith, and imposition of penalties for violation thereof against the following reporting entities:</p> <p>As regards the responsibility of the Ministry of Finance: insurers and insurance brokers, organizations engaged in the provision of leasing services, audit firms, and organizers of lotteries and other games based on risk.</p> <p>As regards the responsibility of the Center for Coordination and Development of the Securities Market: professional securities market participants.</p> <p>As regards responsibility of the State Committee for Privatization, De-monopolization and Development of Competition: members of exchanges and real estate agents.</p> <p>Pursuant to Article 10 of the Law "On Insurance Activity," a designated government body in charge of insurance activities regulation and supervision (the Ministry of Finance) is empowered to apply sanctions against insurers and insurance brokers for violation of anti-money laundering and terrorist financing legislation.</p> <p>Resolutions of the Ministry of Finance, the State Tax Committee and the State Committee for Privatization, De-monopolization and Development of Competition Nos. 39, 2013-27 and 01/19-26/02 (registered with the Ministry of Justice under No. 1842-2 on July 22, 2013) amended the Regulations on the Application of Penalties against Insurers for Violation of the Law on Insurance Activity (registered with the Ministry of Justice under No. 1842 on August 18, 2008) to include section VIII "Penalties Applied against Insurers for Violation of Internal Regulations."</p> <p>Pursuant to Articles 13, 14 and 21 of the Law "On Exchanges and Exchange Activity," with a view to improving the mechanism for monitoring compliance by members of exchanges with AML/CFT legislation, the State Committee for Privatization, De-monopolization and Development of Competition and the Department issued a decree dated March 18, 2014 that amended the IR for members of exchanges (registered with the Ministry of Justice under No. 2038-2 on April 18, 2014), assigning the responsibility for monitoring the enforcement by members of exchanges</p>
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			<p>of internal regulations to the exchanges themselves, as well as introducing a requirement for the exchanges to impose sanctions for violation of these regulations.</p> <p>In line with the above amendments to the IR for members of exchanges, the exchanges established penalties for violation of the internal regulations, including fines, suspension of traders from participation in trading and revocation of exchange accreditations.</p> <p>The "Guidelines for Trading on the Republican Universal Agro-Industrial Exchange," approved by the Exchange Council resolution dated May 22, 2015, and the "Guidelines for Trading on the Uzbek Republican Commodity Exchange" (as amended 2015) provide for the imposition of penalties against members of exchanges for violation of the internal regulations.</p> <p>Based on the foregoing, Uzbekistan has to a great extent established the necessary legal framework for AML/CFT monitoring and supervision for all types of financial institutions.</p>
		<p>4. No information is available on the application of the Core AML/CFT Principles in the banking, insurance and securities sectors;</p>	<p>Uzbekistan's supervisory mechanism for banks is based on 25 core principles of the Basel Committee on Banking Supervision (hereinafter the "Core Principles"). This mechanism is quite sufficient for conducting AML/CFT monitoring of banks' activities. In addition, the country has adopted specific requirements for the establishment of bank structures that provide for the mandatory presence therein of separate units specializing in internal audit and control. Also, banks must comply with the special requirements for the establishment of a system of internal control, one of the key objectives of which is to prevent banks from being used for criminal purposes, including ML and (or) FT (Guidelines for the Establishment of Internal Controls in Commercial Banks No. 404 of July 4, 1998 and the "Internal Regulations on Anti-Money Laundering and Terrorist Financing for Commercial Banks" (as amended), registered with the Ministry of Justice on November 21, 2013 under No. 2528). Among the key responsibilities of one of the separate units of the Central Bank is to conduct AML/CFT monitoring of banks' activities (as per Core Principles 16 - 25).</p> <p>The regulations governing insurance activities in the Republic of Uzbekistan are based on the 26 core principles of the International Association of Insurance Supervisors (IAIS), of which the relevant designated authority of Uzbekistan is a member.</p>

			<p>The Law of the Republic of Uzbekistan "On Insurance Activity" established a mechanism for regulating and supervising insurance activities, designated an authority, and provided for the licensing of insurance activities as well as their monitoring and enforcement.</p> <p>In accordance with Cabinet of Ministers resolution No. 413 dated November 27, 2002, the Ministry of Finance shall be responsible for the licensing of insurance activity of insurers and insurance brokers. Monitoring of compliance by license holders of the licensing requirements and conditions is carried out by the licensing authority in the manner prescribed by law.</p> <p>Cabinet of Ministers resolution No. 180 dated July 3, 2015 assigned to the Ministry of Finance of the Republic of Uzbekistan and the country's designated AML/CFT authority the responsibility for drafting and approval of internal regulations, monitoring compliance therewith, and imposition of sanctions for violation thereof against insurers and insurance brokers.</p> <p>The Ministry of Finance and the Department under the Prosecutor General's Office approved the IR for insurers and insurance brokers (Reg. No. 2036 of November 3, 2009), providing for the setting up of internal controls, conducting of due diligence, application of a risk-based approach, identification of suspicious transactions, ensuring cooperation with FIUs, etc.</p> <p>The regulations governing the functioning of the securities market in the Republic of Uzbekistan are based on the 38 basic principles of the International Organization of Securities Commissions (IOSCO), of which the relevant designated authority of the Republic of Uzbekistan (the Center for Coordination and Development of the Securities Market) is a member.</p> <p>The Law of the Republic of Uzbekistan "On Securities Market" established a mechanism for licensing and regulation of the securities market, setting out the responsibilities of the professional securities market participants and the designated government authority in the field.</p> <p>Cabinet of Ministers resolution No. 308 dated July 9, 2003 "On Approval of the Regulations on Licensing of Professional Securities Market Activities," assigned the responsibility for licensing professional activities in the securities market to the Centre for Coordination and Development of the Securities Market. Monitoring of compliance by license holders of the licensing requirements and conditions is carried out by the licensing authority in the manner prescribed by law.</p>
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		<p>5. The detailed procedures for entering the market are only available for the banking sector;</p>	<p>Uzbekistan's legislation sets out detailed market entry procedures for all organizations carrying out transaction with funds or other assets required under the Framework AML/CFT Law.</p> <p>In particular, for members of exchanges:</p> <p>Law of the Republic of Uzbekistan "On Exchanges and Exchange Activity" No. 625-XII of July 2, 1992 (as amended August 29, 2001 No. 260- II);</p> <p>Cabinet of Ministers resolution No. 251 dated May 31, 2004 "On Additional Measures to Improve the Functioning of Commodity Exchanges";</p> <p>Cabinet of Ministers resolution No. 66 dated February 4, 2003 "On Licensing of Exchange Activity";</p> <p>for notaries:</p> <p>Law of the Republic of Uzbekistan "On Notaries" No. 343-I of December 26, 1996;</p> <p>"Notary Activity Guidelines and Procedure," registered with the Ministry of Justice on March 30, 2010 under No. 2090;</p>

			<p>"Notary Candidates Selection Procedure," registered with the Ministry of Justice on December 20, 2010 under No. 2165;</p> <p>for lawyers:</p> <p>Law of the Republic of Uzbekistan "On Advocacy" No. 349-I of December 27, 1996;</p> <p>Cabinet of Ministers resolution No. 60 dated March 9, 2009 "On Improvements to the Procedure for Licensing Legal Practice and Establishing Advocacy Groups";</p> <p>Order of the Chamber of Advocates of the Republic of Uzbekistan No. 2-kh dated July 11, 2011 "On the Organization of Archival Business in Law Firm of the Republic of Uzbekistan";</p> <p>for insurers and insurance brokers:</p> <p>Law of the Republic of Uzbekistan "On Insurance Activity" No. 358-II of April 5, 2002;</p> <p>Cabinet of Ministers resolution No. PP-872 dated May 21, 2005 "On Additional Measures to Further Reform and Develop the Insurance Market";</p> <p>Cabinet of Ministers resolution No. 413 dated November 27, 2002 "On Approval of the Regulations on Licensing of Insurance Activity of Insurers and Insurance Brokers";</p> <p>Regulations on the Procedure for the Imposition of Penalties against Insurers for Violation of Insurance Legislation, registered with the Ministry of Justice on August 15, 2008 under No. 1842;</p> <p>for non-banking credit institutions (pawnshops):</p> <p>Regulations on the Licensing of Pawnshops, registered with the Ministry of Justice on December 10, 2003 under No. 1291;</p> <p>Regulations on the Procedure for Verification of Credit Unions, Microcredit Organizations and Pawnshops by the Central Bank of the Republic of Uzbekistan, registered with the Ministry of Justice on March 14, 2011 under No. 2209;</p> <p>Regulations on the Measures and Sanctions Imposed by the Central Bank of the Republic of Uzbekistan against Commercial Banks, Microcredit Organizations and Pawnshops for Violation of Anti-Money Laundering and Terrorist Financing Legislation, registered with the Ministry of Justice on January 13, 2010 under No. 2063;</p> <p>for postal services providers:</p> <p>Law of the Republic of Uzbekistan "On Postal Services" No. 118-II of August 31, 2000;</p>
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			<p>Postal Service Provision Guidelines, registered with the Ministry of Justice on April 18, 2011 under No. 2219;</p> <p>for professional securities market participants:</p> <p>Law of the Republic of Uzbekistan "On Securities Market" No. ZRU-163 of July 22, 2008;</p> <p>Regulations on the Maintenance and Safekeeping by Professional Securities Market Participants of Records of Transactions Carried Out by Them in the Securities Market," registered with the Ministry of Justice of the Republic of Uzbekistan on March 7, 2009 under No. 1915;</p> <p>Regulations on the Examination of Cases and Imposition of Sanctions for Violation of Uzbekistan's Law on the Securities Market, registered with the Ministry of Justice on April 23, 2002 under No. 1131;</p> <p>for persons engaged in transactions with precious metals and precious stones:</p> <p>Law of the Republic of Uzbekistan No. 318-II of December 7, 2001 "On Hallmarks and Marking of Items Made of Precious Metals";</p> <p>Presidential Decree No. UP-3346 dated October 31, 2003 "On Improvements to the Process of Procurement, Storage and Sale of Precious Metals";</p> <p>Cabinet of Ministers resolution No. 156 dated June 12, 2014 "On Approval of the Regulations Governing the Procedure for Issuing Registration Certificates for Handling Precious Metals and Precious Stones";</p> <p>for audit firms:</p> <p>Law of the Republic of Uzbekistan "On Auditing" (as amended) No. 78-II of May 26, 2000;</p> <p>Regulations Governing the Procedure for Issuing Licenses to Audit Firms to Engage in Audit Activity, Annex No. 3 to Cabinet of Ministers resolution No. 365 dated September 22, 2000;</p> <p>Regulations on the Certification of Directors of Audit Firms, registered with the Ministry of Justice of the Republic of Uzbekistan on September 3, 2007 under No. 1709;</p> <p>Regulations Governing the Procedure for Issuing Auditor's Qualification Certificates, registered with the Ministry of Justice on October 13, 2000 under No. 977;</p> <p>for lottery organizers:</p> <p>Cabinet of Ministers resolution No. 314 dated July 16, 2003 "On Approval of the Regulations on Licensing of Lottery Organizers";</p>
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			<p>Cabinet of Ministers resolution No. 182 dated August 2, 2005 "On Additional Measures to Improve Activities Related to Organizing Lotteries";</p> <p>Regulations Governing the Procedure for Organizing and Conducting Lotteries, Annex to Cabinet of Ministers resolution No. 396 dated November 15, 2002;</p> <p>for real estate agents:</p> <p>Law of the Republic of Uzbekistan "On Real Estate Activity" No. ZRU-269 of December 22, 2010;</p> <p>Cabinet of Ministers resolution No. 129 dated May 10, 2011 "On Approval of the Regulations on Licensing of Real Estate Activity";</p> <p>Regulations Governing the Procedure for Issuing Estate Agent's Qualification Certificates, registered with the Ministry of Justice of the Republic of Uzbekistan on June 10, 2011 under No. 2236;</p> <p>for organizations engaged in the provision of leasing services;</p> <p>Law of the Republic of Uzbekistan No. ZRU-269 of April 14, 1999 "On Licensing";</p> <p>Cabinet of Ministers resolution No. 143 dated May 21, 2011 "On Measures to Further Develop and Streamline the Provision of Leasing Services in the Republic of Uzbekistan."</p>
		<p>6. Given the embryonic state of the country's system for AML/CFT monitoring and supervision and the lack of accumulated data, judging its effectiveness is not possible (except for the banking sector);</p>	<p>Uzbekistan has by now established the required system of AML/CFT supervision (see above). The country's supervisory, registering and licensing authorities have, in conjunction with the Department, approved the IRs for all types of reporting entities. Under the framework AML/CFT law, the responsibility for monitoring and supervising compliance with the IRs lies with the bodies responsible for their approval.</p> <p>During the period from 2010 till present, Uzbekistan's competent authorities have conducted 1034 field and 13 desk audits of organizations carrying out transactions with funds or other assets, resulting in 10 written warnings, 129 instructions to eliminate identified violations, 123 fines totaling 1.8 billion sums, 31 license suspensions and 20 license revocations.</p> <p>Furthermore, in one case of improper performance of AML/CFT duties by four branches of a commercial bank, the Department used the materials of the Central Bank's inspection to initiate criminal proceedings against responsible officials for negligence (Article 207 of the Criminal Code).</p>

			<p>In addition, following a review by the Central Bank of the information submitted by the Department in 2014, 63 employees of internal control units of several commercial banks were subjected to a disciplinary action for violation of reporting procedures, resulting in 6 dismissals, 4 demotions, 8 fines and 45 warnings.</p> <p>Based on the foregoing, we can conclude that Uzbekistan has established a viable system for AML/CFT monitoring and supervision, whose effectiveness is corroborated by the above statistics.</p>
40. Other forms of cooperation	PC	1. Low level of international cooperation in the oversight area.	<p>In July 2011, the Department under the Prosecutor General's Office, in its capacity as Uzbekistan's FIU, became a member of the Egmont Group.</p> <p>As of now, Uzbekistan's FIU shares information via the Egmont Group's communication channels with about 40 countries.</p> <p>During the period from 2011 to 2014, in order to improve the legal framework governing cooperation with foreign authorities, the Department, in its capacity as Uzbekistan's FIU, entered into agreements/memoranda of cooperation and exchange of information with the FIUs of Belarus, Kyrgyzstan, India, Russia and Turkmenistan.</p> <p>Similar cooperation agreements and memoranda are expected to be signed in the future also with the FIUs of China, the United Arab Emirates, Indonesia, Cyprus, Kazakhstan, Poland, Japan and Bangladesh.</p> <p>During the period from 2010 till present, Uzbekistan's FIU has fulfilled 285 requests from foreign FIUs and sent 65 its own requests.</p> <p>In August 2014, the Department also concluded a Memorandum of Understanding with the Office of Narcotics of the Drug Enforcement Administration of the U.S. Department of Justice. The said memorandum also provides for information sharing with the Financial Crimes Enforcement Network (FinCEN) and the Office of Foreign Assets Control (OFAC) of the U.S. Treasury.</p> <p>At the same time, in order to increase the level of Uzbek competent authorities' AML/CFT-based engagement with the international community, the country has adopted presidential decree No. PP-1882 dated December 21, 2012 "On Accession to the CIS Treaty on Anti-Money Laundering and Terrorist Financing," signed on 5 October 2008 in Dushanbe.</p>
		2. Low effectiveness of the system in the area of FIU-based international cooperation and information sharing.	

SR. I Application of UN instruments	PC	<p>1. The requirements of Article 2 (1) (a) of the International Convention for the Suppression of the Financing of Terrorism are not complied with when it comes to the criminalization of the theft of nuclear materials and illegal actions against fixed platforms located on the continental shelf.</p>	<p>In the existing Uzbek legislation, misappropriation of radioactive materials, infringement of the rules for handling of radioactive materials, illegal handling of radioactive materials and improper operation of nuclear facilities are punishable respectively under Articles 252 (Misappropriation of radioactive materials), 253 (Infringement of the rules for handling of radioactive materials), 254 (Illegal handling of radioactive materials) and 255 (Improper operation of nuclear facilities) of the Criminal Code of the Republic of Uzbekistan.</p> <p>At the same time, theft and misappropriation of another's property, including radioactive materials, is punishable under Articles 164 (Robbery), 166 (Pillage), 167 (Theft by embezzlement), 168 (Fraud) and 169 (Theft) of the Criminal Code of the Republic of Uzbekistan.</p> <p>Thus, Uzbekistan has criminalized the theft of nuclear materials.</p> <p>Oliy Majlis decree No. 133-II dated August 31, 2000 paved the way for Uzbekistan's accession to the Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf.</p> <p>Pursuant to the above decree, Uzbekistan established its jurisdiction over the offenses set forth in Article 2 of the Protocol in respect of all cases provided for in paragraph 2 of Article 3 of the Protocol.</p> <p>Therefore, Uzbekistan has ensured compliance with the requirements for criminalization of unlawful acts against the safety of fixed platforms³.</p>
		<p>2. There is no sufficient information on measures taken to implement UN Security Council Resolutions 1267 (1999), 1333 (2000), 1363 (2001), 1390 (2002), 1455 (2003) and 1526 (2004);</p>	<p>Information on measures taken to implement the relevant Security Council resolutions is provided below, in the section on measures taken to implement Special Recommendation III.</p>
SR. III Freezing and confiscating terrorist assets	PC	<p>1. The current regime for the suspension of transactions and application of criminal-procedural mechanisms in respect of individuals listed as terrorists raises questions as to the effectiveness of the implementation of Resolutions 1267 and 1373;</p>	<p>During the reporting period, the Interagency Working Commission for the Study and Integration of the Revised FATF Recommendations prepared a draft Decree of the President of the Republic of Uzbekistan "On Measures to Further Improve the Mechanisms for Combating the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction." Currently, this draft presidential decree is in the process of being coordinated with the concerned ministries and departments.</p> <p>The draft presidential decree provides for the following:</p>

³ this information was neither provided to the assessors during the mutual evaluation nor cited in the subsequent follow-up reports

		<p>2. The necessary mechanisms for reviewing and using data on the subjects of freezing submitted by foreign countries are absent.</p> <p>3. It is necessary to establish procedures for dealing with requests for de-listing;</p> <p>4. There are no mechanisms in Uzbekistan allowing access to the part of the funds needed to satisfy basic living needs as required by UNSCR No.1452;</p>	<ul style="list-style-type: none"> • approval of the Regulations on the Freezing of Assets and Suspension of Transactions with Funds or Other Assets of Persons Involved or Suspected of Involvement in Terrorist Activities, as well as Persons Involved in the Proliferation of Weapons of Mass Destruction; • imposition of a ban on transactions with the assets of persons involved or suspected of involvement in terrorist activities, as well as involved in the proliferation of weapons of mass destruction; • assignment of responsibility for suspending transactions and freezing assets of individuals included in the lists of persons involved or suspected of involvement in terrorist activities, as well as involved in the proliferation of weapons of mass destruction, to organizations carrying transactions with funds or other assets. <p>The draft Regulations on the Freezing of Assets and Suspension of Transactions with Funds or Other Assets of the Persons Involved or Suspected of Involvement in Terrorist Activities, as well as Persons Involved in the Proliferation of Weapons of Mass Destruction, contain the requirements establishing:</p> <ul style="list-style-type: none"> • the procedure for drawing up lists of persons involved or suspected of involvement in terrorist activities, as well as involved in the proliferation of weapons of mass destruction (the "Lists"), specifying the grounds for listing and delisting of persons; • the procedure for bringing the contents of the Lists to the attention of organizations carrying out transactions with funds or other assets; • the procedure for the suspension of transactions and freezing of assets; • the procedure for providing access to the frozen assets in special cases; • the procedure for appealing against the listing decisions; • the procedure for the submission of listing requests; <p>The above bill includes provisions aimed at addressing the shortcomings of SR III noted in the Mutual Evaluation Report of the Republic of Uzbekistan and is aimed to ensuring compliance with UN Security Council Resolutions.</p>
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III. Measures taken in respect of other recommendations (Recommendations 6, 8, 11, 12, 15, 16, 17, 24, 25, 29, 30, 32, 33, Special Recommendations VI, VIII, IX)

<i>Recommendation</i>		<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report (from June 2010 to July 2015) (To be completed by an EAG Member State)</i>
6. Politically exposed persons	NC	1. There are no legislative or other measures required by Recommendation 6.	<p>As part of efforts aimed at implementing the requirements of the UN Convention against Corruption, Uzbekistan is drafting a law "On Combating Corruption." The bill includes provisions for conducting enhanced monitoring in respect of PEPs and other measures required under the 6th FATF Recommendation.</p> <p>All IRs contain requirements for the assignment of non-residents to the category of high-risk customers and conducting enhanced CDD measures in respect of them.</p> <p>The Department under the Prosecutor General's Office took steps to facilitate the adoption by organizations carrying out transactions with funds or other assets of the World-Check database, by advising all financial institutions to use this database, its analogs and open sources of information to check for the presence of foreign politically persons among its customers.</p>
8. New technologies and business without face-to-face contact	PC	<p>1. Regulation of transactions involving the use of new technologies by financial institutions of the non-banking sector is absent;</p> <p>2. There is no requirement for non-banking financial institutions to manage ML/FT risks when using new technologies and conducting transactions without face-to-face contact.</p>	<p>In accordance with the Internal Regulations for reporting entities (as amended 2013-2015), non-banking credit institutions, postal services providers, members of exchanges, real estate agents, notary offices and advocacy groups, organizations engaged in the provision of licensing services, insurers and insurance brokers, professional securities market participants, audit firms, lottery organizers and persons carrying out transactions with precious metals and precious stones shall take steps to prevent the use of technological advances for money laundering and terrorist financing purposes.</p> <p>For this purpose, the above organizations are required to identify and assess the risk that may arise in connection with the emergence of new services and business practices based on new or emerging technologies for both new and existing services.</p>

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			Such risk assessment should be carried out by organizations prior to the launch of new services, business practices or the use of new or emerging technologies, and should be accompanied by the adoption of measures aimed at mitigating these risks.
11. Unusual transactions	PC	<p>1. The requirement for all financial institutions to pay special attention to complex, unusually large transactions and unusual patterns of transactions is absent in the non-banking sector.</p> <p>2. A specific requirement to study the history and purpose of all complex, unusually large transactions and unusual patterns of transactions is not clearly established. Also lack clarity are the rules for recording review findings, their storage and retrieval upon the request of the competent authorities and auditors;</p>	<p>All IRs have been amended to include requirements to pay special attention to, and record the findings and conclusions of due diligence measures taken in respect of, all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or visibly lawful purpose (to be attached to the customer due diligence materials).</p> <p>See paragraph 23-3 of the IR for insurers and insurance brokers, paragraph 20-3 of IR for real estate agents, paragraph 19-3 of IR for organizations engaged in the provision of leasing services, paragraph 18-3 of IR for professional securities market participants, paragraph 22-3 of IR for audit firms, paragraph 23-3 of IR for notary offices and advocacy groups, paragraph 21-3 of IR for lottery organizers, paragraph 19-3 of IR for postal services providers, paragraph 17-5 of IR for persons carrying out transactions with precious metals and precious stones, paragraph 29 of IR for members of exchanges, paragraph 41 of IR for non-banking credit institutions, and paragraph 51 of IR for commercial banks.</p>
12. DNFBPs – R.5, 6, 8-11	PC	1. It is necessary to establish special requirements for all DNFBPs to pay special attention to, and record the findings and conclusions of due diligence measures taken in respect of, all complex, unusual large transactions, and all unusual patterns of transactions, which have no apparent economic or visibly lawful purpose.	
15. Internal controls, compliance and audit	PC	<p>1. The requirement to bring the contents of internal regulations to the attention of the employees of leasing companies and postal services providers is absent.</p> <p>2. The requirement to designate an employee responsible for AML/CFT at the level of department head is absent (except for banks);</p>	<p>Paragraph 30 of the IR for organizations engaged in the provision of leasing services and paragraph 20 of the IR for postal services providers establish a requirement for the bringing of the contents of internal regulations to the attention of the employees of leasing companies and postal services providers.</p> <p>In accordance with Uzbekistan's Law No. ZRU-345 of December 29, 2012, all microcredit organizations whose net asset value exceeds 1 billion sums shall establish an internal audit service responsible, among others, for monitoring and assessing the performance of the microcredit</p>

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		3. The requirement for financial institutions (except for banks) to have an independent AML/CFT audit system is absent;	organization's executive body and its branches by checking and monitoring their compliance with applicable legislation. Pursuant to pars. 18 and 24 of the Regulations on the Audit of Microcredit Organizations No. 2379 of July 17, 2012, audits of microcredit organizations shall always include a performance review of their internal control systems. In accordance with the amendment made to paragraph 73 of the IR for non-banking credit institutions in March 2013, the responsibility for monitoring the performance of the designated employee or internal controls in a non-banking credit institution that has its own internal audit unit shall lie with such internal audit unit.
		4. A requirement to organize AML/CFT trainings for the employees of leasing companies and postal services providers is absent;	Paragraph 12 of the IR for organizations engaged in the provision of leasing services and the amended in July 2013 paragraph 10 of the IR for postal services providers establish a requirement for AML/CFT training of employees.
		5. A clear requirement for financial institutions (except for some positions in banks and among professional securities market participants) to vet the newly hired employees is absent;	Paragraph 7 of the IR for insurers and insurance brokers established qualification requirements for the insurance companies' personnel responsible for AML/CFT. Paragraphs 11 (including with amendments dated March 2013) and 12 of the IR for non-banking credit institutions established AML/CFT qualification requirements for designated persons and employees of micro-credit institutions and pawnshops. Paragraph 4 of the IR for organizations engaged in the provision of leasing services established AML/CFT-based qualification requirements for designated persons and employees.
		6. It is not possible to assess the effectiveness of the application of internal regulations due to the recency of their introduction.	As of now, all organizations carrying out transactions with funds or other assets have their own systems of internal controls. The effectiveness of the IR is underscored by the rising number of reports submitted to the FIU, the implementation of CDD measures,

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			<p>retention of the necessary transaction data, and its timely submission upon demand to the FIU.</p> <p>The relevant supervisory, regulatory and registering authorities are responsible for monitoring compliance with the IR.</p> <p>See above for information on the outcomes of the AML/CFT measures.</p>
16. DNFBPs – R.13-15 & 21	PC	<p>1. Not all DNFBPs require a designated person to be appointed by the management;</p> <p>2. A requirement to organize trainings and tests for DNFBP employees is absent;</p>	<p>During 2010-2015, the IRs for real estate agents (paragraphs 4, 12), dealers in precious metals and stones (paragraphs 4, 10), audit firms (paragraphs 5, 6¹), notary offices and advocacy groups (paragraphs 8, 13) and lottery organizers (paragraphs 4, 10) were amended to include a requirement for the appointment of a designated person by the management and provision of training.</p>
17. Sanctions	PC	<p>1. Except for the banking sector, the potential for applying a wide range of sanctions against all other types of financial institutions for AML/CFT violations is not clearly regulated;</p>	<p>Cabinet of Ministers resolution No. 180 dated July 3, 2015 amended the Regulations on the Ministry of Finance of the Republic of Uzbekistan, the Regulations on the Centre for Coordination and Development of the Securities Market and the Regulations on the State Committee for Privatization, De-monopolization and Development of Competition, providing for the imposition of penalties for identified violations against insurers and insurance brokers, organizations engaged in the provision of leasing services, audit firm, organizers of lotteries and other games based on risk, professional securities market participants, members of exchanges and real estate agents.</p> <p>The application of these measures is governed by applicable law. Namely:</p> <p>Pursuant to Art. 10 of the Law "On Insurance Activity," the Designated State Body (the Ministry of Finance) is empowered to take measures and impose sanctions against insurers and insurance brokers in accordance with applicable law for violation of the anti-money laundering and terrorist financing legislation.</p>

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		<p>2. Art. 179³ is limited in terms of the range of offenses and does not provide for the imposition of effective, proportionate and preventive sanctions;</p>	<p>Pursuant to Articles 13, 14 and 21 of the Law "On Exchanges and Exchange Activity," with a view to improving the mechanism for monitoring compliance by members of exchanges with AML/CFT legislation, the State Committee for Privatization, De-monopolization and Development of Competition and the Department issued a decree dated March 18, 2014 that amended the IR for members of exchanges (registered with the Ministry of Justice under No. 2038-2 on April 18, 2014), assigning the responsibility for monitoring the enforcement by members of exchanges of internal regulations to the exchanges themselves, as well as introducing a requirement for the exchanges to impose sanctions for violation of these regulations.</p> <p>In line with the above amendments to the IR for members of exchanges, the exchanges established penalties for violation of the internal regulations, including fines, suspension of traders from participation in trading and revocation of exchange accreditations.</p> <p>In addition, the Interagency Working Commission for the Study and Integration of the Revised FATF Recommendations is working to expand the range of penalties for violations of AML/CFT legislation.</p> <p>The decree of the Ministry of Finance, the State Tax Committee and the State Committee for De-monopolization and Support of Competition and Entrepreneurship approved the "Regulations on Penalties against Insurers for Violation of the Law on Insurance Activity" No. 1842 dated August 15, 2008, providing for the imposition of penalties against insurers for violation of internal regulations related to AML/CFT.</p> <p>Provisions of Article 179³ of the Administrative Code contain a specific list of typical AML/CFT violations. The sanctions are proportionate to other types of offenses covered by the Code.</p> <p>The Interagency Working Commission for the Study and Integration of the Revised FATF Recommendations is working to expand the range of penalties for violations of AML/CFT legislation.</p>

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		3. It is not possible to assess the effectiveness of the sanctions, except for the banking sector;	<p>During the period from 2010 till present, Uzbekistan's competent authorities have conducted 1034 field and 13 desk audits of organizations carrying out transactions with funds or other assets, resulting in 10 written warnings, 129 instructions to eliminate identified violations, 123 fines totaling 1.8 billion sums, 31 license suspensions and 20 license revocations.</p> <p>(see attached Table 6 for more detail).</p>
24. DNFBPs - Regulation, supervision and monitoring	PC	<p>1. Effective monitoring of compliance by DNFBPs with AML/CFT regulations is absent (except in some cases for the Ministry of Justice);</p> <p>2. The designated supervisory authority for dealers in precious metals and stones and real estate agents lacks resources to perform its functions;</p>	<p>Information on AML/CFT monitoring and supervision, including in respect of DNFBPs, is provided above in the description of the corrective measures under Recommendation 23.</p> <p>Pursuant to Article 6 of the Law "On Anti-Money Laundering and Terrorist Financing," in the absence of a supervisory authority, the IR for organizations carrying out transactions with funds or other assets shall be approved by the designated government authority (the Department).</p> <p>Pursuant to Article 6 of the framework AML/CFT law, the Department approved the IR for dealers in precious metals (registered with the Ministry of Justice under No. 2034 on November 3, 2009).</p> <p>In accordance with Presidential Decree No. PP-331 dated Apr 21, 2006, the Department is empowered to conduct, in accordance with the procedure established by law, unscheduled inspections of financial and economic activities of businesses possibly involved in money laundering and terrorist financing.</p> <p>The Department, which has its offices in all regions and districts of Uzbekistan, has a staff strength of 1197 employees.</p> <p>In addition, the responsibility for monitoring compliance by real estate agents with AML/CFT regulations has been assigned, due to the absence of a designated supervisory or licensing authority, to the State Committee for Privatization, De-monopolization and Development of Competition.</p>

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			<p>Thus, Cabinet of Ministers resolution No. 129 dated May 10, 2011 approved the Regulations on Licensing of Real Estate Activity and approved the licensing authority (the State Committee of the Republic of Uzbekistan for Privatization, De-monopolization and Development of Competition (Goskomkonkurentsia)).</p> <p>Cabinet of Ministers Resolution No. 180 dated July 3, 2015 amended the Regulations on the State Committee for Privatization, De-monopolization and Development of Competition, assigning to the said agency the responsibility (to be shared with the designated authority) for the drafting and approval of the Internal Regulations, monitoring compliance therewith, and imposition of penalties for violation thereof against real estate agents.</p> <p>The Internal Regulations for real estate agents were approved by the joint order of the Goskomkonkurentsia and the Department (Reg. No. No. 2257 of August 24, 2011).</p>
25. Guidelines & feedback	PC	<ol style="list-style-type: none"> 1. The guidelines and recommendations for organizations carrying out transactions with funds or other assets detailing various AML/CFT methods and techniques are absent; 2. The volume of available to financial institutions data on the findings of financial audits conducted by the FIU is insufficient. 3. No specific guidelines for the private sector contributing to a more effective implementation by financial institutions of their obligations, including descriptions of new ML/FT trends and typologies, have been published. 	<p>The Department regularly provides the relevant supervisory authorities with scientific and analytical information on the latest ML/FT methods and techniques.</p> <p>The findings of typologies research on ML/FT appearing on FATF, Egmont Group, EAG, MONEYVAL and other FSRB websites are regularly sent to Uzbekistan's law enforcement and supervisory authorities for future practical use and adoption by competent authorities and organizations carrying out transactions with funds or other assets.</p> <p>In the reporting period, the Department sent newsletters to supervisory and regulatory authorities with details of typical errors and deficiencies made by financial institutions and DNFbps.</p> <p>For example, following a review of reports submitted in 2014, the Department sent to the Central Bank of the Republic of Uzbekistan information on the shortcomings committed by commercial bank in preparing and submitting reports to the Department.</p>

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			<p>Following a discussion of this information during the enlarged meeting of the Central Bank on April 9, 2015, attended by representatives of the Department and all commercial banks, financial institutions were instructed to take action against the guilty persons, as well as to draw up an action plan to prevent the occurrence of such shortcomings in the future.</p> <p>In addition, the Department notified in October 2014 the Ministry of Justice, the Ministry of Finance and the State Committee for Privatization, De-monopolization and Development of Competition of the shortcomings identified in the reporting procedures used by notary offices, advocacy group, audit firms, lottery organizers and real estate agents.</p> <p>Following a review of the submitted information, the Ministry of Justice, the Ministry of Finance and the State Committee for Privatization, De-monopolization and Development of Competition, in conjunction with the Department under the General Prosecutor's Office, organized training workshops in all regions.</p> <p>In addition, during the training activities organized for the compliance staff (80 such activities were organized in the reporting period), representatives of the Department explain at all times the issues concerning the application of various requirements of the AML/CFT legislation.</p> <p>At the 22th EAG Plenary meeting (May 2015, Tashkent), consultations were held with the private sector titled "Risk Assessment and the Role of the Private Sector. Guidelines and Feedback," attended by the representatives of Uzbekistan's FIU, regulatory authorities and the private sector.</p> <p>Central Bank decree dated April 28, 2015 established the ad hoc Working Group to prepare proposals for improving the legislation governing the activities of banks, in compliance with international AML/CFT requirements. This Working Group is tasked with studying the international experience, preparing proposals for the implementation of the FATF Recommendations as well as drafting regulations, model internal documents and manuals for the implementation of the AML/CFT legislation for commercial banks.</p>

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29. Supervisory agencies	PC	1. The Uzbek Agency for Communications and Information lacks the powers to conduct AML/CFT supervision;	<p>Presidential decree No. UP-4702 of February 4, 2015 established at the State Committee for Communications, Informatization and Telecommunication Technologies of the Republic of Uzbekistan the Ministry for the Development of Information Technologies and Communications of the Republic of Uzbekistan (Mininfokom).</p> <p>Cabinet of Ministers resolution No. 87 dated April 10, 2015 approved the Regulations on the Ministry for the Development of Information Technologies and Communications of the Republic of Uzbekistan. One of the functions of the new ministry is to prepare, jointly with the designated government authority, measures to combat money laundering and terrorist financing, draw up internal regulations for postal services providers, and assist postal services providers in setting up internal controls for anti-money laundering and terrorist financing.</p> <p>In accordance with the Regulations on the State Inspectorate for Supervision over Communications, Informatization and Telecommunication Technologies (Annex 2 to CMR No. 355 dated December 19, 2012), one of the main functions of this agency is to monitor, using the established procedure, compliance by postal services providers with the legally established internal regulations on anti-money laundering and terrorist financing. Also, the Inspectorate, in line with the objectives assigned to it and using the procedure established by applicable law, is empowered to impose administrative penalties.</p>
		2. Only the Central Bank has the authority to impose a broad range of sanctions against reporting entities;	<p>Amendments made to the IR for members of exchanges in April 2014 extended the range of sanctions that can be imposed by exchanges themselves for IR violations.</p> <p>Pursuant to Article 56 of the Law "On the Securities Market" (as amended June 3, 2015), the securities market regulator, acting within its remit, may suspend individual transactions if it has detected violations of the law on the securities market.</p> <p>In the reporting period, Uzbekistan expanded the range of sanctions imposed against other types of organizations carrying out transactions with</p>

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			<p>funds or other assets. In particular, sanctions can now be imposed against insurers and insurance brokers as well as members of exchanges.</p> <p>The Interagency Working Commission for the Study and Integration of the Revised FATF Recommendations is working to expand the range of penalties for violations of the AML/CFT legislation.</p>
30. Resources, integrity and training	PC	1. The staffing level and structure of the supervisory authorities have not been fully adjusted to carry out AML/CFT supervision (except for the Central Bank);	<p>Cabinet of Ministers resolution No. 180 dated July 3, 2015 "On Amendments to Certain Government of the Republic of Uzbekistan Decisions in Connection with Improvements to the National Anti-Money Laundering and Terrorist Financing System" amended departmental regulations on structural subdivisions of the Ministry of Finance, the State Committee for Privatization, De-monopolization and Development of Competition and the Centre for Coordination and Development of the Securities Market, assigning them responsibilities for AML/CFT.</p>
		2. Employees of supervisory authorities have not been trained to use AML/CFT supervision techniques (except for the Central Bank);	<p>During the period from 2010 to 2015, the Department, jointly with the relevant regulatory authorities, has organized over 100 seminars (including more than 20 international seminars and workshops) for their staff involved in AML/CFT.</p> <p>Following the launch in June 2013 of the EAG's videoconferencing system, this technology has been used to organize approximately 40 events (seminars, round tables, discussions, etc.), attended by over 300 employees of the FIU, the Central Bank, the Ministry of Internal Affairs, the National Security Service, the State Customs Committee, the State Tax Committee, the Ministry of Finance, the Ministry of Justice, the Ministry for the Development of Information Technologies and Communications, the State Committee for Privatization, De-monopolization and Development of Competition, the Center for Coordination and Development of the Securities Market and other government agencies involved in AML/CFT.</p>
		3. The Interior Ministry, Customs Committee and National Security Service lack dedicated AML/CFT units in their structure;	<p>Appropriate AML/CFT units function within the Interior Ministry, the National Security Service and the Customs Committee.</p>

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		<p>4. Department employees lack training in conducting financial investigations;</p> <p>5. There is no supervisory unit within the Department's structure;</p>	<p>Thus, the responsibility for anti-money laundering and terrorist financing in the Ministry of Interior is assigned to the General Directorate for Criminal Investigations and Combating of Terrorism; in the National Security Service, to the General Directorate for Combating Terrorism, Extremism and Drug Trafficking; and in the State Customs Committee, to the General Directorate for Combating Smuggling.</p> <p>A total of 20 training workshops for the Department employees on various financial investigation techniques have been organized in the period from 2011 till present day. In particular, 3 training courses on financial investigation techniques and confiscation of criminal assets were organized for the Department staff in conjunction with the Drug Enforcement Administration of the U.S. Ministry of Justice in the first six months of this year alone.</p> <p>Following the launch in June 2013 of the EAG's videoconferencing system, this technology has been used to organize approximately 40 events (seminars, round tables, discussions, etc.), which were regularly attended by representatives of the Department.</p> <p>Furthermore, Department employees receive addition training by regularly attending the Higher Educational Courses of the Prosecutor General's Office.</p> <p>In addition, as per the order of the Prosecutor General of the Republic of Uzbekistan, monthly training courses dedicated various investigative techniques and procedures for conducting financial investigations were organized for the Department employees.</p> <p>The Department's Financial Transactions Monitoring and System Analysis Section performs the functions of a supervisory unit responsible for monitoring compliance with IR.</p>
32. Statistics	PC	1. No statistics are available on the volume of property frozen pursuant to UN Security Council Resolutions;	No transactions involving the assets of persons included in the sanctions lists on the basis of UN Security Council Resolutions, carried out

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		<p>2. No separate statistics are kept on offenses falling under Art. 55 of the Criminal Code (Terrorist financing);</p> <p>3. No statistics on inspections conducted and sanctions applied by the supervisory authorities (except for the Central Bank);</p>	<p>by financial and non-financial institutions of Uzbekistan were detected. Therefore, no freezing mechanisms were used.</p> <p>Statistics on FT offenses are maintained by specialized analytical departments of the General Prosecutor's Office, the Interior Ministry and the National Security Service, and are also made available to the Department under the Prosecutor General's Office.</p> <p>During the period from 2010 till present, Uzbekistan's competent authorities have conducted 1034 field and 13 desk audits of organizations carrying out transactions with funds or other assets, resulting in 10 written warnings, 129 instructions to eliminate identified violations, 123 fines totaling 1.8 billion sums, 31 license suspensions and 20 license revocations.</p>
33. Beneficial ownership of legal persons	PC	1. The measures to identify and verify the information on beneficial owners of legal entities are absent;	<p>All IRs contain a requirement whereby the designated persons of organizations carrying out transactions with funds or other assets shall, in performing the identification of legal persons, take reasonable and available steps to identify the individual acting as the beneficial owner of the client and who ultimately owns or controls such client, including by examining the client's ownership and management structure and identifying its founders (shareholders, participants).</p> <p>In addition, all IRs provide for the verification of the information submitted by the client by:</p> <ul style="list-style-type: none"> accessing the customer information obtained from government agencies and other organizations; studying the relationship of the client with the previous organization; gathering information about the business reputation of the client. <p>See paragraph 22 of the IR for insurers and insurance brokers, paragraph 18 of IR for real estate agents, paragraph 17 of IR for organizations engaging in the provision of leasing services, paragraph 17 of IR for professional securities market participants, paragraph 20 of IR for</p>

<i>Recommendation</i>		<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report (from June 2010 to July 2015) (To be completed by an EAG Member State)</i>
		<p>2. The system for registering legal entities is not used for AML/CFT;</p>	<p>audit firms, paragraph 21 of IR for notary offices and advocacy groups, paragraph 20 of IR for lottery organizers, paragraph 17 of IR for postal services providers, paragraph 15 of IR for persons carrying out transactions with precious metals and precious stones, paragraph 22 of IR for members of exchanges, paragraph 23 of IR for non-banking credit organizations, and paragraph 32 of IR for commercial banks.</p> <p>In order to provide financial institutions with access to the databases of government agencies, the Cabinet of Ministers of the Republic of Uzbekistan adopted resolution No. 179 dated July 3, 2015, instructing the State Statistics Committee to post on its website for view by members of the public the Unified State Register of Enterprises and Organizations (EGRPO), containing address details, information on the founders and the date of state registration of legal entities.</p> <p>The State Committee on Statistics has posted USREO on its website.</p> <p>According to the Joint Regulations on the Procedure for the Provision by the State Committee on Statistics of Information to the Department, approved on June 11, 2013, information contained in USREO shall be provided to the Department for AML/CFT purposes.</p> <p>Therefore, Uzbekistan has taken steps to ensure the identification and verification of the owners of legal persons as well as the use of the register of legal persons for AML/CFT purposes.</p> <p>The system for registering legal entities provides for the submission of comprehensive data on the founders of legal entities.</p> <p>Cabinet of Ministers resolution No. 179 dated July 3, 2015 amended the Regulations on the Unified State Register of Enterprises and Organizations (USREO), granting public authorities and accountable institutions a broad access to the information on duly registered legal entities. In particular, these Regulations provide for the following:</p> <ul style="list-style-type: none"> - establishment of a clear procedure for gathering information for USREO by requiring registration authorities to provide information to the statistics agencies on registered legal entities (business entities and non-profit organizations);

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			<p>- inclusion in the list of public information of address details, information on the founders, and the date of state registration of legal entities.</p> <p>In addition, the Department and the State Statistics Office approved on June 11, 2013 the Joint Regulations on Information Sharing, according to which the Department receives information from the Unified State Register of Enterprises and Organizations for AML/CFT purposes.</p>
SR. VI AML/CFT requirements for money/value transfer services	PC	1. No information on legislative or other measures in respect of money/value transfer services existing outside the formal financial system is available;	<p>Pursuant to Article 6 of the Law "On Currency Regulation," money remittances are classified as currency transactions, and as such are subject to licensing by the Central Bank of the Republic of Uzbekistan.</p> <p>Banking activities, as well as the carrying out of foreign currency transactions by banks, other legal entities and individuals, are subject to licensing and are included in the List of licensed activities, approved by Oliy Majlis decree No. 222-II dated May 12, 2001 (as amended by Law No. ZRU-352 of Apr 30, 2013).</p> <p>Cabinet of Ministers resolution No. 236 dated 28 June 2002 empowered the Central Bank to act as a licensing authority in respect banking activities and foreign currency transactions.</p> <p>The procedure for the issuance of licenses to carry out foreign currency transactions is set out in the Guidelines for the Issuance of Licenses to Carry Out Foreign Currency Transactions to Commercial Banks, registered with the Ministry of Justice on August 3, 1998 under No. 463.</p> <p>The Department, jointly with other law enforcement agencies, carries out operational and investigative activities aimed at combating informal money transfer systems. In the period under review, the Department uncovered 2 instances of illegal money transfers (Hawala).</p>

<i>Recommendation</i>		<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report (from June 2010 to July 2015) (To be completed by an EAG Member State)</i>
		2. The identified AML/CFT deficiencies in the banking and postal system are applicable in the context of remittances;	The AML/CFT deficiencies in the banking sector and the postal system in the context of remittances have been eliminated entirely following the adoption of the Internal Regulations on Anti-Money Laundering and Terrorist Financing for Commercial Banks, as amended, registered with the Ministry Justice of the Republic of Uzbekistan on November 21, 2013 under No. 2528, and amendments to the Internal Regulations on Anti-Money Laundering and Terrorist Financing for Postal Services Providers, registered with the Ministry of Justice of the Republic of Uzbekistan on July 12, 2013 under No. 2032-2.
SR.VIII Non-profit organizations	PC	<p>1. No AML/CFT-based reviews of NPO legislation are conducted.</p> <p>2. No periodic reviews of the NPO sector for FT risks or AML/CFT awareness-raising activities are conducted;</p> <p>3. Specific mechanisms for the exchange of information at the international level on NPOs suspected of ML/FT are absent;</p>	<p>In accordance with the Law of the Republic of Uzbekistan "On Non-Profit Organizations," the Ministry of Justice is responsible for monitoring conformity of non-profit organizations' activities to their statutory goals and Uzbekistan's legislation, including AML/CFT regulations.</p> <p>In line with the Interagency Working Commission for the Study and Integration of the Revised FATF Recommendations Activities Plan 2014, the Ministry of Justice drew up an inventory of regulations governing the activities of NPOs and their compliance with the FATF Recommendations. The compiled data was subsequently used in the drafting of a bill amending the laws "On Banking Secrecy," "On Non-Profit Organizations" and the Administrative Code, which is currently undergoing interagency approval.</p> <p>In addition, in accordance with the above Activities Plan, the Ministry of Justice has studied international experience in regulating the activities of NPOs in the AML/CFT area and conducted over 350 awareness-raising activities, including on AML/CFT.</p> <p>Cabinet of Ministers resolution "On Measures to Improve the Mechanisms for Approving and Monitoring the Implementation of Investment Projects and Management of Humanitarian Aid and Technical Assistance" No. 251 dated November 15, 2005 established a procedure for preparing and coordinating project proposals as well as for the monitoring and control over the proper use of technical assistance of donor countries, international and foreign governmental and non-profit organizations.</p>

<i>Recommendation</i>		<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report (from June 2010 to July 2015) (To be completed by an EAG Member State)</i>
			<p>Grant funds intended for beneficiaries in the Republic of Uzbekistan may only be credited to special accounts opened in the National Bank for Foreign Economic Activity of the Republic of Uzbekistan and the state joint stock commercial bank Asaka, which, in line with the IR for commercial banks, operate an internal control system.</p> <p>Persons found guilty of misusing technical assistance, as well as in violation of the procedure for monitoring and overseeing the targeted use of technical assistance, are prosecuted in accordance with applicable law.</p> <p>In addition, the Department and the Ministry of Justice are cooperating in conducting inspections of NPOs, including by engaging in information sharing through the use of the Department's capabilities as a FIU and a member of the Egmont Group.</p>
SR. IX Cross border declaration & disclosure	PC	<ol style="list-style-type: none"> <li data-bbox="539 727 1261 815">1. The customs system as a whole is not used for AML/CFT purposes. <li data-bbox="539 815 1261 967">2. Customs authorities lack the powers to request information from persons on the origin of funds/bearer instruments and their intended use; <li data-bbox="539 967 1261 1300">3. Customs authorities lack the powers to freeze the funds suspected of being connected to ML/FT. 	<p>The Department's cooperation with the customs authorities and other law enforcement agencies is carried out on the basis of joint short- and long-term activities plans.</p> <p>The Chief Anti-Smuggling Directorate of the State Customs Committee acts as the designated AML/CFT unit of Uzbekistan's customs authority.</p> <p>According to the joint Regulations on the Provision of Information dated January 29, 2010, concluded between the State Customs Committee and the Department, the Customs Committee shall provide to the Department on a weekly basis the updated electronic information from its database, including information on the cross-border currency movement and export-import operations, as well as the identification data of the persons concerned.</p> <p>In addition, presidential decree No. PP-1914 "On Further Deregulation of the Process of Sale of Foreign Currency to Individuals" established on 1 February 2013 a procedure for the sale of non-cash foreign currency using international payment cards.</p> <p>The newly introduced mechanism for selling non-cash foreign currency to the public is designed to help reduce cross-border cash movement and risks associated with it. At the same time, commercial banks continue to</p>

<i>Recommendation</i>		<i>A brief description of the factors determining the degree of conformity</i>	<i>A description of the measures to eliminate deficiencies taken since the adoption of the Mutual Evaluation Report (from June 2010 to July 2015) (To be completed by an EAG Member State)</i>
			<p>monitor transactions carried out with the use of international payment cards and conduct CDD, as well as the full identification of the card owners.</p> <p>Uzbekistan is currently working to update the Customs Code, after the approval of which the country will review existing legislation, taking into account the FATF requirements.</p>

Annex 3

YEAR	Number on STRs received by FIU		Number on CTRs received by FIU	Total number of reports received by FIU	Number of information transferred to law enforcement
	ML	TF			
2010	1 841		8 235	17 151	43
2011	2 145	20	9 378	33 432	24
2012	7 373	465	16 707	122 665	40
2013	6 348	630	24 983	248 907	40
2014	5 780	634	65 522	474 342	36
1 st half 2015	1 883	324	32 310	326 926	22

* Note: The Department for combating tax, currency crimes and legalization of criminal incomes under General Prosecutor's Office of the Republic of Uzbekistan is an independent law enforcement agency that is empowered to initiate criminal proceedings. In this regard, the figure includes criminal cases excited directly by the Department of Financial Monitoring of materials on the facts of money laundering and predicate offenses.

Table 2

Reporting entities	2010				2011				2012			
	STRs		STRs above designated threshold	Total number of reports	STRs		STRs above designated threshold	Total number of reports	STRs		STRs above designated threshold	Total number of reports
	ML	TF			ML	TF			ML	TF		
Commercial banks	1 747		8 015	16 857	2 090	18	9 131	33 069	7 186	462	16 469	122 255
Insurance companies	1		2	2								
Currency exchange												
Professional securities market players	83		206	272	62	2	241	355	185	2	232	404
Notaries												
Lawyers												
Accountants/auditors												
Companies providing trust services												
Post service												
Exchange market	9		11	19					1	1	3	3
Organizations providing leasing and other financial services	1		1	1	2		5	6	1		3	3
Pawnshop								1				
Persons providing services and taking part in transactions related to purchase and sale of real estate							1	1				

Table 2

Reporting entities	2013				2014				1 st half 2015			
	STRs		STRs above designated threshold	Total number of reports	STRs		STRs above designated threshold	Total number of reports	STRs		STRs above designated threshold	Total number of reports
	ML	TF			ML	TF			ML	TF		
Commercial banks	5 705	629	24 835	248 647	5 699	631	65 303	472 220	1 869	324	32 191	326 746
Insurance companies			3	3							1	1
Currency exchange												
Professional securities market players	27	1	137	248	7		125	156	8		93	133
Notaries												
Lawyers												
Accountants/auditors												
Companies providing trust services												
Post service												
Exchange market					72	3	88	1 959	6		21	43
Organizations providing leasing and other financial services			4	5			3	3			4	4
Pawnshop								1				1
Persons providing services and taking part in transactions related to	2		4	4	2		3	3				

purchase and sale of real estate												
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Table 3

Year	Investigations of law enforcement bodies				Legal proceedings								Confiscation and seizure of property			
	Initiated by law enforcement agencies on the basis of their own material		Initiated by law enforcement agencies on the basis of the FIU material		Cases examined in courts				Convictions				ML		TF	
	ML	TF	ML	TF	ML		TF		ML		TF		ML		TF	
					Cases	Persons	Cases	Persons	Cases	Persons	Cases	Persons	Cases	Sums	Cases	Sums
2010	20		1		21	60			19	57			18	2,3		
2011	34		1		35	129			29	117			28	21,9		
2012	49		1		50	145			47	141			44	56,2		
2013	41		2		43	115			43	115			39	189,5		
2014	32		0		32	70			29	65			26	72,7		
1 st half 2015	8	1	0		8	13	1	1	6	9	1	1	6	36,5		

Table 4

Information about requests and other measures		2010	2011	2012	2013	2014	1st half 2015
MLA request	Sent	-/1	5/-	-/-	1/-	1/-	-/4
	Received	2/-	5/3	-/4	2/-	-/1	1/-
	Executed						
	Refused						
Extradition requests	Sent	16/19	3/6	6/9	16/11	5/4	5/1
	Received	-/-	-/-	-/-	-/-	-/-	-/-
	Executed						
	Refused						
Official requests for assistance through law enforcement	ML	Sent					
		Received					

	TF	Sent						
		Received						
FIU ↔ FIU requests	Sent/ Received		8	2	0	12	24	19
	Sent/ Received		48	38	29	68	50	52
Official requests for assistance sent or received by supervisory agencies	Sent							
	Received							

Table 5

Year	Freezing of assets pursuant to UNSCR 1267 and 1373		
	Number of transactions frozen	Value of assets frozen	Number of individuals and organizations
2010	-	-	-
2011			
2012			
2013			
2014			
1 st half 2015	-	-	-

Table 6

Reporting entities	2010										
	Number of inspections performed		Number of inspections having identified AML/CFT infringements	Measures taken							
	On-site	In office		Written warnings	Instructions to eliminate infringements identified	Fines		Management suspension (disqualification of management)	Ban on engagement in certain types of activities	Suspension of activity/ license	Revocation of license
					Number	Amounts					
Commercial banks											
Insurance companies											
Currency exchange											
Professional participants of the securities market	5				5	4	22,7				
Notaries	29										
Lawyers	57										
Accountants/auditors											
Post service											
Exchange market											
Organizations providing leasing and other financial services											
Pawnshop											
Persons providing services and taking part in transactions related to purchase and sale of real estate											

Reporting entities	2011										
	Number of inspections performed		Number of inspections having identified AML/CFT infringements	Measures taken							
	On-site	In office		Written warnings	Instructions to eliminate infringements identified	Fines		Management suspension (disqualification of management)	Ban on engagement in certain types of activities	Suspension of activity/ license	Revocation of license
		Number	Amounts								
Commercial banks	17		17		17	17	481	2			
Insurance companies	1				-	-	-				
Currency exchange											
Professional participants of the securities market	2				1	1	4,3				
Notaries	31										
Lawyers	39										
Accountants/auditors											
Post service											
Exchange market											
Organizations providing leasing and other financial services											
Pawnshop											
Persons providing services and taking part in transactions related to purchase and sale of real estate											

Reporting entities	2012										
	Number of inspections performed		Number of inspections having identified AML/CFT infringements	Measures taken							
	On-site	In office		Written warnings	Instructions to eliminate infringements identified	Fines		Management suspension (disqualification of management)	Ban on engagement in certain types of activities	Suspension of activity/ license	Revocation of license
Number			Amounts								
Commercial banks	11		9		8	8	253				
Insurance companies	-				-	-	-				
Currency exchange	-	-	-	-	-	-	-	-	-	-	-
Professional participants of the securities market	5				4	5	48,1		1		1
Notaries	18										
Lawyers	23										
Accountants/auditors											
Post service	7	3	5		5	-	-				
Exchange market											
Organizations providing leasing and other financial services											
Pawnshop	84		64		17	24	57		13		10
Persons providing services and taking part in transactions related to purchase and sale of real estate											

Reporting entities	2013										
	Number of inspections performed		Number of inspections having identified AML/CFT infringements	Measures taken							
	On-site	In office		Written warnings	Instructions to eliminate infringements identified	Fines		Management suspension (disqualification of management)	Ban on engagement in certain types of activities	Suspension of activity/ license	Revocation of license
					Number	Amounts					
Commercial banks	6		6		5	5	166				1
Insurance companies	-				-	-	-				
Currency exchange	-				-	-	-				
Professional participants of the securities market	1				1						
Notaries	65										
Lawyers	134										
Accountants/auditors											
Post service		4	4	4							
Exchange market								25 and 125			
Organizations providing leasing and other financial services											
Pawnshop	73		59		19	26	65		11		3
Persons providing services and taking part in transactions related to purchase and sale of real estate											

Reporting entities	2014										
	Number of inspections performed		Number of inspections having identified AML/CFT infringements	Measures taken							
	On-site	In office		Written warnings	Instructions to eliminate infringements identified	Fines		Management suspension (disqualification of management)	Ban on engagement in certain types of activities	Suspension of activity/ license	Revocation of license
					Number	Amounts					
Commercial banks	7		7			7	605	1			
Insurance companies						-	-				
Currency exchange						-	-				
Professional participants of the securities market	1				1						
Notaries	88										
Lawyers	139										
Accountants/auditors											
Post service		4	4	4							
Exchange market								67 and 332			
Organizations providing leasing and other financial services											
Pawnshop	72		35		35	16	53				
Persons providing services and taking part in transactions related to purchase and sale of real estate											

Reporting entities	1 st half 2015										
	Number of inspections performed		Number of inspections having identified AML/CFT infringements	Measures taken							
	On-site	In office		Written warnings	Instructions to eliminate infringements identified	Fines		Management suspension (disqualification of management)	Ban on engagement in certain types of activities	Suspension of activity/ license	Revocation of license
		Number	Amounts								
Commercial banks	5		5		2	2	84				
Insurance companies						-	-				
Currency exchange	-				-	-	-				
Professional participants of the securities market											
Notaries	23										
Lawyers	56										
Accountants/auditors											
Post service		2	2	2	-	-	-				
Exchange market								12 and 49			
Organizations providing leasing and other financial services											
Pawnshop	34		27		8	8	41		6		5
Persons providing services and taking part in transactions related to purchase and sale of real estate	1				1						

Table 7

Year	Financial investigations conducted by FIU		Revealed connection to ML/FT as a result of data provided by reporting entities		Revealed connection to ML/FT through other means (FIUs financial investigation, information of law enforcement bodies)		Information transferred to law enforcement agencies	
	ML	TF	ML	TF	ML	TF	ML	TF
2010	2	-	2	-	-	-	2	-
2011	8	-	8	-	-	-	8	-
2012	2	-	4	-	-	-	4	-
2013	7	-	12	-	2	12	19	12
2014	6	-	14	-	3	22	16	20
1 st half 2015	3	-	7	-	2	12	10	12