

## CHAIRMAN 'S COLUMN

### Dear colleagues!

As per usual, the summer months are filled with important events for the international system on combating money laundering and financing of terrorism. Plenary sessions of the FATF and FATF-style regional bodies (FSRBs) largely determined the short-term system development for the near future.

One of the key issues of the past events has been the strengthening of lateral relations between the participants of the world's AML/CFT system.

That is the focal point of this EAG Bulletin. This subject is even more relevant in view of the fact that the EAG has become an associate member of the FATF and an observer in the APG – FSRB for the Asia-Pacific region.

Further consolidation of relations between regional bodies is among the EAG strategic priorities. In the short term, the EAG plans to obtain the observer status in the Middle East and North Africa Financial Action Task Force (MENAFATF).

I believe that this newsletter will help the readers to familiarize themselves with the recent events in AML/CFT field, as well as continue to expand their knowledge of the EAG member states. One of the issues touched upon in this newsletter is the anti-money laundering system in the Republic of Tajikistan.

**Oleg Markov**  
EAG Chairman

## TAJIKISTAN IS IMPROVING NATIONAL AML/CFT SYSTEM

*In September, a meeting between representatives of Tajikistan and the EAG management and experts will be held to jointly work out recommendations for further development of the AML/CFT system.*

To establish and actively develop the AML/CFT regime is a goal of utmost importance for Tajikistan in the context of gradual integration with the world's financial infrastructure. This process requires conducting an open policy for preventing threats of the shadow economy, providing legal and institutional foundations for ALM/CFT, and fighting corruption and other negative phenomena.

Today, Tajikistan has laid down the legal foundation, which presupposes criminal liability for crimes connected with money laundering and terrorist financing. The AML/CFT legislation is currently being developed in the country.

Tajikistan is a EAG member state and has taken active part in its work since its foundation.

Financial intelligence unit (FIU), the Financial Monitoring Department of the National Bank of Tajikistan, was founded in October, 2009. The Department carries our activities pertaining to receiving and analyzing information of reporting organizations and disseminates information to the competent law enforcement authorities.



The FIU consists of four units, which conduct financial monitoring and analyze incoming information, ensure the Department's activity in the sphere of international cooperation, technical support and information protection, and provide legal enforceability. At present, the work of the Department is supervised by the First Deputy President of the National Bank of Tajikistan Dzhamsheed Yusufien.

It is expected that after the high-level meeting in September Tajikistan will receive a proposal on a number of conceptual recommendations for improving the national ALM/CFT system and developing the legislation in compliance with the international standards.

### Timeline

- In June 2007, the World Bank carried out mutual evaluation of Tajikistan. The mutual evaluation report

was approved at EAG's 9th Plenary Meeting. It was recommended that Tajikistan adopt ALM/CFT legislation compliant with the international requirements.

- On 5 October 2007, Tajikistan signed the CIS States Agreement on Combating Money Laundering and Financing of Terrorism.
- In January 2009, Working Group on Economic Issues headed by the President's Advisor of the Republic of Tajikistan was appointed. The chief objective of the Group was to elaborate a draft law on ALM/CFT and establish a Financial intelligence unit.
- On 20 October 2009, as the result of the Working Group's activities, the President of the Republic of Tajikistan, Emomalii Rahmon, signed Resolution No. 724 on establishing the FIU – Financial Monitoring Department – under the National Bank of Tajikistan.
- At EAG's 11th and 12th Plenary Meetings, follow-up reports of Tajikistan were discussed. Experts made special mention

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of the progress made by Tajikistan in establishing FIU and providing the legal foundation to ensure its proper functioning.

- In the public statement on the results of the 12th Plenary Meeting (June 2010), EAG recommended that Tajikistan hasten adoption of the necessary regulatory acts, including the framework ALM/CFT law.

## FATF-Style Regional Bodies: Role in Global AML/CFT System



### EAG Member States:

- |            |              |
|------------|--------------|
| Belarus    | China        |
| Kazakhstan | Kyrgyzstan   |
| Russia     | Turkmenistan |
| Tajikistan | Uzbekistan   |

Fight against laundering of ill-gotten proceeds gained by means of financial fraud, drug trafficking, human trafficking, maritime piracy and other criminal activities, as well as active measures for preventing terrorist threat are the strategic sectors of international cooperation in today's world.

Eight FATF-style regional bodies were established for the purpose of disseminating the international standards all over the world; one of them is the **Eurasian group on combating money laundering and financing of terrorism (EAG)**.

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## FATF-Style Regional Bodies: Role in Global AML/CFT System

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The key role in the development of international AML/CFT standards is played by the Financial Action Task Force (FATF).

FATF's principal instrument is 40 Recommendations on combating money laundering and 9 Special Recommendations for counteracting financing of terrorism.

Compliance with these standards allows countries to work out effective AML/CFT systems and protect the national economies from shadow capital. The UN Security Council's Resolution 1617 urges the

UN member states to implement the FATF 40+9 Recommendations.

To ensure the effective implementation of the FATF standards, the FSRBs carry out evaluation of the member-state AML/CFT systems and develop recommendations for their improvement. FSRBs research typologies – the most widespread schemes used by criminals to launder money and finance terrorism. The results of typologies research are disseminated within the private sector, supervisory bodies, law enforcement au-

thorities, scientific and expert communities.

At the moment, the partnership between the EAG and Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism of the Council of Europe (MONEYVAL) is actively developing. In autumn 2010, a joint workshop of the EAG and MONEYVAL on typology research will be held in Moscow.

Before the EAG was established, a number of states of the region caused concern to the international community in terms of threats of money

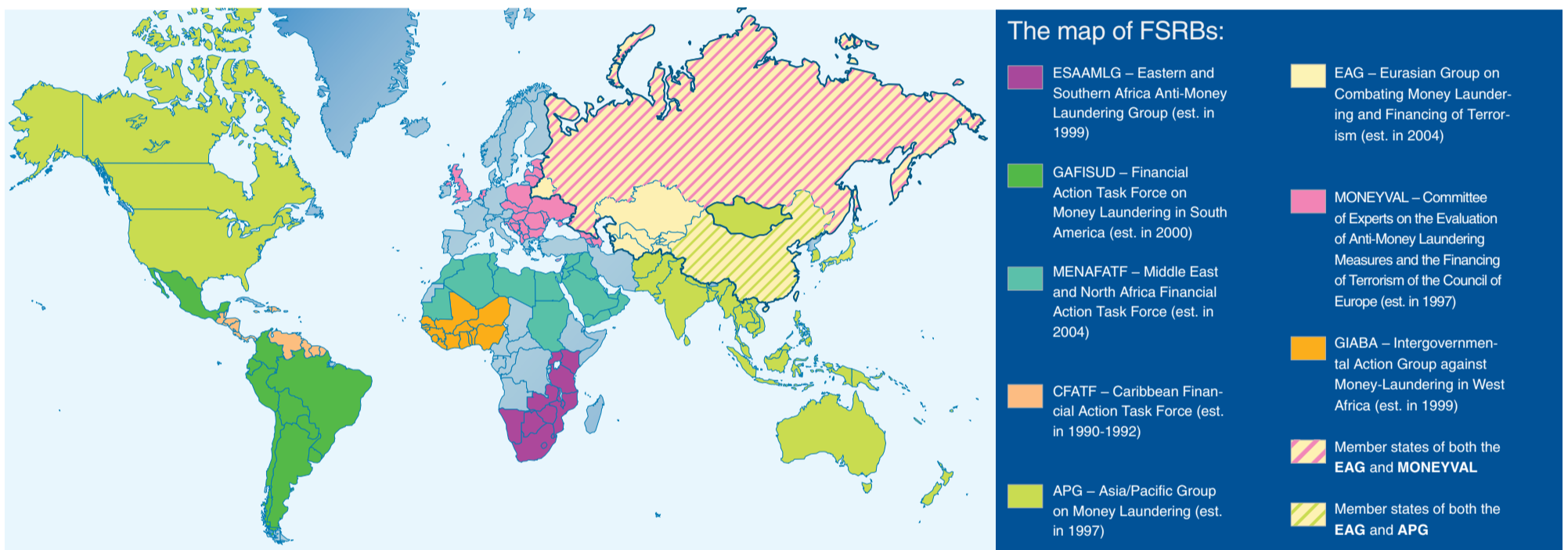
laundering and financing of terrorism. Acting as the FATF's 'ambassador' in the Eurasian region, the EAG has succeeded in changing the situation over a short period of time. It was possible due to the effective cooperation in terms of AML/CFT, mutual evaluations of the EAG member states and continual monitoring of their progress in enhancing national AML/CFT regimes.

The EAG member states have been able to take an active part in the life of the international financial community. Today, two EAG countries – Russia and China – are FATF's

full-fledged members. Both states also participate in the work of the Asia/Pacific Group on Money Laundering.

Cooperation between the EAG member states and other organizations involved in the international AML/CFT system is developing. Thus, the processes of continual integration and strengthening of the states' collaboration within and outside the region are ongoing.

As of now, institutional and legal foundations for the national AML/CFT systems as well as FIUs have been established in all EAG countries.



## EAG Expands Cooperation with APG

*On July 13–16, the APG Plenary Meeting was held in Singapore. Under a commission of the EAG Chairman Mr. Oleg Markov, representatives of the Eurasian group on combating money laundering and financing of terrorism took part in the event for the first time.*

In June 2010, the EAG obtained the observer status in the Asia/Pacific Group on Money Laundering. Before that, in December 2009, the EAG 11th Plenary Meeting granted the APG with an observer status in the EAG. Thus, both regional bodies have equal opportunities in terms of cooperation.

Integration of the two groups is also conditioned by participation of Russia and China in their activities. Both EAG member states have their official status in the APG.

The cooperation of the Eurasian and Asia/Pacific FSRBs is expected to be effective and fruitful, which is in line with the FATF strategic course. Pending

the policy of the previous FATF President, Mr. Paul Vlaanderen, strengthening of the partnership within the global AML/CFT system is emphasized as one of the priorities by the FATF current President, Mr. Luis Urrutia. In his address to the participants of the APG Plenary Meeting, the FATF President emphasized the significance of FSRBs in disseminating the international AML/CFT standards. He underlined that the role of the FSRBs is essential for achieving successful results as they are fully aware of the peculiarities of their regions and can provide their countries with necessary assistance regarding those peculiarities.



The EAG's participation in the July Plenary Meeting of the Asia/Pacific Group on Money Laundering was a significant step in the development of cooperation between the two FSRBs.

During the Plenary in Singapore, the representatives of the FSRBs discussed a number of relevant topics including improvement of mutual evalu-

ations mechanisms and financial inclusion issues.

The EAG and APG experts also exchanged experience in typologies research, technical assistance, and organization of training events.

Among the key results of the APG Plenary Meeting, it is necessary to mention proposals on further development of the project for financial inclusion, which the APG is implementing in cooperation with the FATF. The report on the project will be presented at the FATF Plenary Meeting in June 2011.

At the July Plenary Meeting the APG new Co-Chair was elected. Within the next two years, this position will be

occupied by Mr. Shri K Jose Cyriac from India.

According to the EAG experts, sharing experience and carrying out mutual projects in the priority areas of combating money laundering and financing of terrorism will not only encourage the development of the two FSRBs and their activities, but will also allow them to contribute more effectively to the FATF work. Representatives of the APG also recognized the importance of consolidation of the partnership with the EAG and expressed their willingness to participate in the forthcoming 13th EAG Plenary Meeting to be held at the end of November.

## Results of Egmont Group Plenary Session

*In mid June, the 18th Plenary Session of the Egmont Group, uniting Financial intelligence units of the world, was held in Bogot, Colombia. Enhancement of international cooperation in the sphere of information exchange and consolidation of collaboration between the Egmont Group and the FATF and FSRB's were the key issues of the agenda.*

Over 200 delegates, representing FIUs of 90 countries and 11 regional and international organizations on combating money laundering and terrorist financ-

ing, took part in the Plenary Meeting.

Among the participants of the session there were delegations of the EAG member states: Russia and Kazakhstan.

During the Plenary, Mr. Boudewijn Verhelst (Belgium) was appointed the new Chairman of the Egmont Group and replaced Mr. Luis Urrutia, who was elected the FATF's President in June.

Alexei Feshchenko (Ukraine), Co-chair of the EAG Working Group on Typologies, joined the Egmont Committee as a regional representative from Europe.

New appointments contribute to consolidation of collaboration of the Egmont Group with the FATF and FSRBs, which is one of Egmont's priorities.

The FATF President, Mr. Luis Urrutia, noted that consolidation of partnership between the

two organizations is of great importance and is part of one of the FATF strategic lines for 2010-2011.

The fact that the 20th Anniversary Plenary Meeting of the Egmont Group will be held in Russia in 2012 contributes in many respects to completing the tasks outlined above. Taking into consideration Russia's membership in the Egmont Group, EAG and MONEYVAL, the forthcoming event will contribute to the consolidation of partnership between the international organizations.

For the first time, a meeting of the G20 heads of FIUs was held as part of the Egmont Plenary session. The event was

initiated following the recognition by the G20 ministers of finance of the unique role of the FIUs in the work on integrating efforts of the financial sector and law enforcement authorities in combating money laundering and financing of terrorism.

The Egmont Group pays special attention to training the FIU employees. During a meeting of the Egmont Training Working Group, a decision was made to conduct the Egmont Tactical Analysis Course in. It is expected that the training will be held in one of the EAG member states under the aegis of the World Bank in autumn 2011.

### About the Egmont Group

Established in 1995, the Egmont Group is aimed at providing the platform for effective cooperation between Financial intelligence units all over the world.

The Egmont membership provides the FIUs with the possibility to efficiently exchange information by means of secure communication channels.

The Egmont Group membership includes FIUs of the following EAG member states: Russia, Belarus, and Kyrgyzstan. The Financial Monitoring Committee within the Kazakhstani Ministry of Finance is preparing to join the Group too.

## Staff Training as Key Element of EAG Policy

*In order to effectively combat money laundering and terrorist financing, Financial intelligence units, supervisory bodies and law enforcement authorities need high-qualified personnel. Staff training in the framework of the EAG is conducted by the International Training and Methodology Centre for Financial Monitoring.*

Full-fledged training of AML/CFT specialists requires more than standard university curriculum. It implicates a comprehensive system for promoting additional professional knowledge for employees of governmental bodies and private sector. Within the EAG, such system is implemented by the International Training and Methodology Centre for Financial Monitoring (ITMCFM).

The Centre has developed a level-based complex of training programs for employees of governmental bodies of the EAG member states, namely FIUs, supervisory and law enforcement authorities.

The training system includes 3 levels:

- 'Basic' – for employees with experience of less than 1 year;

- 'Advanced' - for employees with experience of more than 3 years;
- 'Professional' – special programs.

One of the important training components is a wide use of videoconferences, which allows remote learning without any interruption to the employees' work schedules and processes. High-qualified staff training for the national AML/CFT systems is an integral part of the EAG long-term personnel policy. According to the ITMCFM Director General Mrs. Galina Bobrysheva, "Knowledge of economics and law acquired by a graduate student requires continual renewal because legislation is constantly developing, and new institutions appear both in the public and private sectors. The AML/CFT field is not an exception. As a rule, the national legislation in this field undergoes active develop-

ment. It is also necessary to understand that there are no specialized educational institutions for FIU staff training in the EAG member states". Mrs. Bobrysheva also noted that one of the key directions of the ITMCFM work is developing training programs and coordinating vocation training activities for compliance departments insurance and leasing companies, federal postal service organizations, professional market makers, pawnshops, and other private sector institutions that are required to take AML/CFT measures.

The International Training and Methodology Centre for Financial Monitoring serves as the centre for disseminating the most efficient best practices and experts' experience, information sharing, acquiring practical skills for work with financial analysis instruments, studying the Internet intelligence methods, etc.



### International Training and Methodology Centre for Financial Monitoring (ITMCFM)

The ITMCFM was founded in November 2005 by Rosfinmonitoring for the purpose of ensuring Russia's participation in the EAG activities.

To increase the professional level of specialists in the public and private sec-

tors, the ITMCFM offers all the possibilities to acquire additional knowledge and practical skills with the use of ML/FT typology schemes and special instruments of financial analysis. The ITMCFM also coordinates prominent EAG projects, in-

cluding, for instance, the development of the professional FIU analyst standard. Following the initiative of the EAG Chairman Mr. Oleg Markov, research will be carried out to explore implementation of financial monitoring mechanisms to fight corruption.

### EAG Develops Single Information Space Policy

The EAG offers possibilities for information collaboration within the Group by means of the Single Information Space instruments. One of them is the EAG Internet portal. Regular and continuous updates of the portal sections allow users to familiarize themselves with Russian versions of ML/FT typologies developed by the FATF and EAG experts. There are over 30 typology reports on the website.

Sections on the national legislation of the member states and observers are also regularly updated.

The most significant instrument of remote collaboration between the member states is videoconferencing (VCF), which now includes the EAG Secretariat and FIUs of Russia and Belarus. The format of VCF allows holding work meetings, conferences and distant training.

The project on VCF scaling has been launched in the Republic of Kazakhstan.

## Recent events

### FIUs Council to be formed in CIS

**In July, special CIS expert group considered the draft agreement on forming the Council of CIS FIUs heads.**

Cooperation between the CIS member states on combating money laundering and financing of terrorism is being constantly promoted and developed. To increase the efficiency of cooperation within the CIS, a special body consisting of the CIS FIUs' heads is to be established.

At the expert meeting held in Minsk, the relevant draft agreement was considered, as well as the exposure draft on the Council of the FIUs' heads of the CIS member states.

The Council is expected to contribute to the development of common approaches to integration and alignment of the CIS legislation systems, work out proposals for improving the legal foundation for cooperation, and coordinate collaboration between FIUs and other competent authorities in the CIS member states.

According to the EAG Executive Secretary, Mr. Igor Nebyvaev, the Council will consolidate cooperation between the EAG and CIS. "The Council of CIS FIUs' heads will serve as the ground for sharing experience and efficiently solving the most critical problems, including information exchange and carrying out international financial investigations" – noted Mr. Nebyvaev.

### Customs Union Code comes into Force in Russia, Kazakhstan and Belarus

**In July, the Customs Code of the Customs Union came into force in Russia, Kazakhstan and Belarus. It is possible that Kyrgyzstan and Tajikistan will shortly join the Customs Union. The leaders of the two countries stated such intention at the EurAsEC-2010 summit held in Astana, Kazakhstan.**

In the framework of the Customs Union, a separate Agreement on AML/CFT



is being prepared to establish common control over transferring cash and monetary instruments payable to bearer. Pursuant to an initiative of the EAG Chairman, Mr. Oleg Markov, the EAG representatives joined the Customs Union expert groups working on developing the said agreement.

It will be recalled that in November 2009, Presidents of Belarus, Russia and Kazakhstan signed a series of documents on the establishment of the Customs Union.

Starting 1 January, 2012, the countries will be united in the Common Economic Zone, where common business principles will be implemented.

The Customs Union member states and its potential members are part of the EAG. According to the EAG experts, adoption of the Customs Union Code is yet another important step to increase transparency of the national economies and develop the AML/CFT systems in the Eurasian region.

### Amendments made to the Russian AML/CFT law

**On 23 July, the Russian President Dmitry Medvedev signed the Federal Law aimed at improving the Russian legislation on combating money laundering and financing of terrorism in view of the FATF Recommendations.**

Head of Rosfinmonitoring Legal Department and Co-chair of the EAG Working Group on Mutual Evaluations and Legal Issues, Mr. Pavel Livadny explained that foreign branches and subsidiaries of Russian banks are required by law to observe the Rus-

sian AML/CFT legislation, which is designed to increase the efficiency of AML/CFT standards implementation by Russian financial institutions on the international level and boost the international community's confidence in the national banking system. "The Law also stipulates the requirements to pay special attention to financial transactions and business relations with countries included in the FATF sanction lists that do not implement the FATF Recommendations" – said Mr. Livadny. According to the legislators, failure to comply with the requirements of the international AML/CFT standards will result in serious consequences for organizations and their officials. "Amendments to the Administrative Violations Code presuppose the improvement of mechanisms for bringing offenders to administrative responsibility" – added the expert.

Mr. Livadny emphasized that elaboration of the law was part of large-scale effort to ensure the Russian AML/CFT system's compliance with the international standards, based on the results of the 2008 evaluation: "A significant role in the development of the AML/CFT legislation in the Eurasian region is played by the experts of the Eurasian group on combating money laundering and financing of terrorism that assist the EAG member states in improving institutional and legal foundations in compliance with the recommendations based on the results of the evaluations".

### Russia to undergo evaluation on implementation of the UN Convention against corruption in 2011

**The meeting of the open-ended Intergovernmental Group on implementation of the UN Convention against Corruption has closed in Vienna.**

Experts in the field of combating corruption from over 100 countries took part in the meeting. The Russian delegation included representatives of the President's Administration,

Prosecutor General's Office, Ministry of Internal Affairs, Ministry of Foreign Affairs, Ministry of Finance, Ministry of Justice, Rosfinmonitoring, and the Federal Security Service of the Russian Federation. The work of the Group resulted in launching the mechanism of control over the implementation of the UN Convention against Corruption approved at the meeting of the member states in Doha in November 2009. This is the first UN anti-crime review mechanism based on the countries' mutual evaluation.

According to the Russian Ministry of Foreign Affairs, as determined by draw, in 2010 Russia together with Egypt and Djibouti will carry out evaluation on Lithuania and Nigeria, and in 2011 Russia itself will undergo evaluation.

### EU and USA signed Agreement on personal information exchange policy to monitor terrorist financing sources

**In July, the European Union and USA came to a new agreement on the information collaboration policy.**

The agreement allows the law enforcement authorities to exchange



information in order to combat financing of international terrorism. It also ensures safety of personal data of citizens and guarantees their privacy. In each case of a personal information request from the USA, the Europol will assess the relevance and value of this information for combating terrorism and blocking sources of financing of terrorist organizations.

## EAG Expert Community

The Eurasian group on combating money laundering and financing of terrorism unites the countries in Eurasia to join their efforts in the fight against economic crimes and the threat of international terrorism. The eight mem-

ber states of the EAG include Belarus, Kazakhstan, China, Kyrgyzstan, Russia, Tajikistan, Turkmenistan and Uzbekistan. 17 countries and 15 international and regional organizations have observer status.

The EAG is creating an interactive expert community in order to discuss the current issues and share experience with the aim of bringing together specialists in the field of financial monitoring, financial security, law, banking technologies and others engaged in global AML/CFT processes.

The opportunities created by the EAG portal allow experts to hold interactive forums, carry out research and discuss the current AML/CFT initiatives.

We welcome all experts that wish to join us in this work to fill in a form at [www.eurasiangroup.org](http://www.eurasiangroup.org) (follow the "Expert Community" link).

#### Editorial board

We welcome you to take part in the development of the EAG Bulletin. If you would like to place news, articles and other publications in the following issues of the Bulletin, please feel free to send an e-mail

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