

Republic of Tajikistan: Fourth follow-up report (without re-ratings)



**JUNE
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I. INTRODUCTION

1. The Mutual Evaluation Report (hereinafter the MER) of the Republic of Tajikistan (RT) in the framework of the 2nd round of the EAG mutual evaluations was adopted at the 29th EAG Plenary in November 2018 and posted on the EAG website after it was endorsed by the FATF as complying with the international standards of quality and consistency of FATF reports. The first Follow-up Report of the Republic of Tajikistan (without request for re-rating) was presented at the 31st EAG Plenary Meeting in November 2019.

2. The second Follow-up Report of the Republic of Tajikistan (with request for re-rating) was presented and considered at the 34th EAG Plenary Meeting in June 2021, as a result of which the technical compliance rating with FATF Recommendation 7 was upgraded (from non-compliant up to partially compliant) and the technical compliance ratings with FATF Recommendations 16 and 35 were also upgraded (from partially compliant up to largely compliant).

3. The 36th EAG Plenary Meeting in June 2022 presented the 3rd Follow-up Report of the Republic of Tajikistan (without re-rating).

4. This 4th Follow-up Report presents the information on the progress made by the Republic of Tajikistan since June 2022 to March 2023 in addressing the technical compliance deficiencies identified in the MER and in improving the effectiveness of the national AML/CFT system. Besides that, the Report contains also information on changes in the national AML/CFT system made following the revision of and updates to the FATF Recommendations that were adopted after the on-site visit to the Republic of Tajikistan.

5. This Report is presented to the EAG for information, and the Republic of Tajikistan does not request technical compliance re-rating for any of the FATF Recommendations.

II. FINDINGS OF THE MUTUAL EVALUATION REPORT

6. The MER and the second FUR rated the effectiveness and technical compliance of the Republic of Tajikistan with the FATF Recommendations as follows:

Table 1: Effectiveness Ratings¹:

IO.1	IO.2	IO.3	IO.4	IO.5	IO.6	IO.7	IO.8	IO.9	IO.10	IO.11
SE	SE	ME	ME	ME	ME	LE	ME	SE	ME	LE

Table 2: Technical Compliance Ratings²:

R.1	R.2	R.3	R.4	R.5	R.6	R.7	R.8	R.9	R.10
LC	C	PC	LC	LC	PC	PC	PC	C	LC
R.11	R.12	R.13	R.14	R.15	R.16	R.17	R.18	R.19	R.20
LC	PC	LC	LC	PC	LC	NA	LC	LC	C
R.21	R.22	R.23	R.24	R.25	R.26	R.27	R.28	R.29	R.30
C	PC	LC	LC	PC	PC	LC	PC	C	LC
R.31	R.32	R.33	R.34	R.35	R.36	R.37	R.38	R.39	R.40
C	LC	LC	LC	LC	C	LC	PC	LC	LC

7. Given the mutual evaluation outcomes, the EAG placed the Republic of Tajikistan in the enhanced follow-up.

III. OVERVIEW OF PROGRESS TO IMPROVE TECHNICAL COMPLIANCE

8. This Section summarizes the measures implemented by the Republic of Tajikistan

a) to address the technical compliance deficiencies identified in the MER,

¹ SE – substantial level of effectiveness, ME – moderate level of effectiveness, LE – low level of effectiveness

² C - compliant, LC - largely compliant, PC - partially compliant, NC – non-compliant, NA – not applicable

- b) to ensure technical compliance with the updated FATF Recommendations that came into effect after the completion of the on-site visit to the Republic of Tajikistan.

3.1. PROGRESS TO ADDRESS TECHNICAL COMPLIANCE DEFICIENCIES IDENTIFIED IN THE MER

9. Following the review of the 3rd Follow-up Report of the Republic of Tajikistan, in the reporting period, the updated Law of the Republic of Tajikistan On Combating Money Laundering, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction No. 1950 dated March 15, 2023 (hereinafter, the AML/CFT/CPF Law) was adopted. This Law has been developed with the technical assistance of the International Monetary Fund and became effective following its official publication on March 20, 2023 (the Law has been posted on the web site of the National Bank of Tajikistan and is available at: <https://www.nbt.tj/ru/laws/>).

10. In addition, to address the deficiencies of the MER and bring the regulations into compliance with the revised Law, the following draft regulations have been or are being developed:

#	Regulation	Stage of development	Scope
1.	Decree of the Government of the Republic of Tajikistan “On Making Amendments in the Decree of the Government of the Republic of Tajikistan No. 129 dated March 29, 2019 “On Procedure for Freezing and Unfreezing of Funds or Other Assets of Natural Persons and Organizations Included in the List of Persons and Entities Associated with Terrorism”	The draft has been developed and submitted to ministries and agencies for approval	R. 6-7
2.	Decree of the Management Board of the National Bank of Tajikistan On Regulations of CDD	The draft has been developed and is pending approval	R. 10-12, 22
3.	Decree of the Government of the Republic of Tajikistan On Procedure for Keeping AML/CFT/CPF Statistical Data	In the pipeline	R. 33
4.	Decree of the Management Board of the National Bank of Tajikistan On Regulations of the Types of Transactions Subject to Mandatory Control and Procedure for the Submission of Information Thereof	In the pipeline	R. 29
5.	Decree of the Management Board of the National Bank of Tajikistan On General Requirements for AMLCFT/CPF Programs	In the pipeline	R. 18
6.	Decree of the Management Board of the National Bank of Tajikistan On Procedure for Formation and Publication of the List of High-Risk Jurisdictions and Territories	In the pipeline	R. 19

Recommendation 1 (rated LC)

11. Pursuant to the requirements of Article 7 of the revised AML/CFT/CPF Law, the reporting entities should take appropriate measures to identify, assess and understand the ML/TF/PF risks. When they assess those risks, they should take into account the outcomes of the national or sectoral risk assessments. In addition, reporting entities have been obliged to document their identified risks and keep them up-to-date. They should identify, assess and understand risks related to their customers, jurisdictions, geographic areas, products, services, transactions and delivery channels.

12. With the assistance of the OSCE Programme Office in Dushanbe, the following work to conduct the national ML/TF risk assessment in the Republic of Tajikistan is being undertaken:

- the OSCE Programme Office has engaged an international expert to support the NRA;

- the issue of conducting the next NRA was considered at the meeting of the standing Interdepartmental Commission on AML/CFT/CPF in December 2021, as well as at the meeting of the Working Group on ML/TF NRA in February 2022;

- visit of an international expert to review the available documents and collect official data through interviews with key stakeholders is scheduled on 25-27 April 2023.

13. Also, with the technical assistance of the International Monetary Fund, work is being undertaken to conduct sectoral ML/TF risk assessments of the entities that report to the National Bank Tajikistan, in particular, in the sectors of credit and insurance institutions. As part of the sectoral ML/TF risk assessments, the following work has been conducted:

- international expert has been engaged to support the sectoral risk assessment;
- data have been collected from questionnaires completed by credit and insurance institutions, which are necessary to conduct the sectoral risk assessments.

- between 6 and 10 February this year, a meeting was held with experts, during which preliminary conclusions on the analysis of the information received were presented and further steps were discussed. Further work in this area is still underway.

Recommendation 6 and 7 (rated PC in the second FUR)

14. Given the deficiencies of Recommendations 6 and 7 specified in the 2nd Follow-up Report, the revised AML/CFT/CPF Law stipulates a requirement for all natural and legal persons to immediately and without prior notice freeze the transactions and property/funds of persons and entities included in the sanction list (Part 1, Article 21 of the Law). Pursuant to Article 1 of the Law, the “sanction list” refers to the lists of natural and legal entities, groups and organizations associated with terrorism and the proliferation of weapons of mass destruction that are subject to the freezing requirement.

15. In addition, a provision has been added to prohibit natural and legal persons from providing, directly or indirectly, in full or in part, any property/funds, economic resources, financial or other appropriate services to a) persons and organizations included in the sanction list in the Republic of Tajikistan, b) companies that are directly or indirectly owned or controlled by persons and organizations included in the sanction list and c) natural and legal persons that act on behalf of or upon the instructions of persons and organizations included in the sanction list, except for the cases prescribed by the laws of the Republic of Tajikistan (part 5, Article 21 of the Law).

Recommendation 8 (rated PC)

16. The revised AML/CFT/CPF Law specifies the AML/CFT/CPF authorities that supervise non-profit organizations. For instance, pursuant to Article 27 of the Law, non-profit organizations are supervised as follows:

- 1) public associations - by the judicial authority of the Republic of Tajikistan;
- 2) religious organizations - by the state authorized body for religious affairs;
- 3) other forms of non-profit organizations - by the tax authority of the Republic of Tajikistan.

17. In addition, the requirement to assess the risks faced by non-profit organizations that raise or distribute funds or other property for charitable, religious, cultural, educational or social purposes or conduct other activities has been enshrined in the Law (part 2, Article 27 of the Law).

18. Also, to ensure efficient supervision and monitoring of non-profit organizations, the revised Law envisages the application of risk-based supervision. For instance, in Part 3, Article 27 of the Law, it reads:

“3. Authorities that supervise non-profit organizations:

- 1) based on a terrorist financing risk assessment, determine a list of non-profit organizations at risk of being involved in terrorist financing and, based on the risk assessment, develop risk-based measures to supervise the non-profit organizations;

- 2) adopt measures to mitigate the identified risks and conduct outreach among non-profit organizations subject to the risk of being misused for TF”.

19. To identify the nature of threats that terrorist organizations pose to NPOs and the ways in which terrorists may misuse NPOs, the Interagency Working Group under the Ministry of Justice, which comprises officials of the appropriate ministries and agencies with the involvement of NPOs and the private sector, continues its work. For this purpose, with the technical assistance of the UN Office of Counter-Terrorism, Road Map on the Implementation of Recommendation 8 has been developed, which contains a set of measures to rectify the deficiencies related to the implementation of Recommendation 8, which were specified in the MER. As part of this Road Map, on May 23-25, 2022, the UNOCT, in cooperation with the UN Regional Centre for Preventive Diplomacy for Central Asia and the EAG Secretariat, held a capacity building workshop entitled *Implementation of Recommendation 8* for the public and private sectors of the Republic of Tajikistan.

Recommendation 10 (rated LC)

20. The revised AML/CFT/CPF Law prohibits all reporting entities from opening and operating anonymous accounts and accounts for fictitious names (Part 6, Article of the Law); it also requires them to identify and verify the customer's identity, including if the customer is a foreign legal entity (clauses 24 and 28, Article 1, Articles 9-12 of the Law).

21. The Law allows for the application of simplified CDD if a low risk is identified; however, simplified measures may not be applied when suspicions in ML/TF/PF or specific higher risk scenarios exist (Article 11 of the Law).

Recommendations 12 and 22 (rated PC)

22. In the revised Law, the definition of PEPs has been brought into compliance with the appropriate FATF requirement; it includes both domestic and foreign PEPs, as well as PEPs of international organizations. For instance, clause 31, Article 1 of the revised Law reads:

“31) Politically exposed person means one of the following natural persons:

a) foreign politically exposed person refers to a person who has performed or is performing important state or political functions in a foreign jurisdiction (heads of states or governments, high-ranking policy makers, high-ranking officials of government, courts, armed forces, law enforcement, tax or any other governmental authorities, high-ranking officials of state-owned enterprises, as well as political leaders and figures);

b) domestic politically exposed person refers to a person who is occupying or has occupied in the past high level public or administrative positions in government authorities in the Republic of Tajikistan in accordance with the Register of Public Positions of the Republic of Tajikistan to be approved by the President of the Republic of Tajikistan or equal-status public positions in the armed forces, law enforcement or other government authorities of the Republic of Tajikistan, as well as high-ranking officials of major state-owned enterprises, political leaders and figures of the Republic of Tajikistan;

c) politically exposed person of an international organization refers to an official of an international organization that is or has been entrusted with important functions of this organization (heads, deputy heads, members of the management board or board of directors of international organization or other equal-status officials of organizations).”

23. Additionally, requirements for the reporting entities have been enshrined to use a risk management system to identify all categories of PEPs and continue to provide services to customers and beneficiary owners that have become PEPs only upon written permission of the head of the reporting entity or his/her deputy, as well as the head of a separate unit of the reporting entity, if the head or deputy head of the reporting entity delegated appropriate powers to him/her (Article 13 of the Law). In addition, these requirements should also be applied to the PEPs' close relatives (spouse, children, father and mother, brothers, sisters, adoptive parents, adoptees, as well as any other persons that, in accordance with the data submitted by them or available information, permanently live and share a common household with the PEP) and persons that act on their behalf.

Recommendation 13 (rated LC)

24. The requirements of Recommendation 13 have been implemented in Articles 24 and 25 of the revised Law. For instance, Part 1, Article 25 of the Law says:

«1. When reporting entities establish correspondent banking or other similar relations, they shall:

- 1) obtain sufficient data on the respondent to fully understand the nature of its economic activities and determine, based on publicly available information, its reputation and level of supervision, including if it was subject to ML/TF/PF investigations and appropriate measures;
- 2) assess the respondent's mechanisms to monitor AML/CFT/CPF;
- 3) obtain permission from the head or his/her deputy before on-boarding;
- 4) clearly identify the parties' AML/CFT/CPF obligations in an agreement with the respondent.”

Recommendation 17 (rated NA)

25. To develop financial services, including through new and advanced technologies and distant modes of their provision, the revised Law has a provision that allows for relying on intermediaries and other third parties to take CDD measures. However, pursuant to the Law, ultimate liability for CDD measures should be incurred by the reporting entity that relies on a third party (Article 15 of the Law).

26. The draft Regulations on Customer Due Diligence specify the conditions under which a reporting entity may engage a third party (the draft Regulations are getting approval from the functional units of the National Bank of Tajikistan).

Recommendations 19 and 23 (rated LC)

27. The revised AML/CFT/CPF Law obliges the reporting entities to take enhanced CDD and other measures commensurate with the risks to their business relations and transactions with natural and legal persons, including reporting entities from high-risk jurisdictions and territories. Also, it specifies the application of the appropriate countermeasures commensurate with the risks both upon the FATF's call and regardless of such call. These requirements should be applied to all reporting entities (Article of the Law).

28. In addition, with the technical assistance of the International Monetary Fund, a decree of the Management of the National Bank of Tajikistan On the Procedure for Formation and Publication of the List of High-Risk Jurisdictions and Territories is being developed.

Recommendation 25 (rated PC)

29. Pursuant to the revised AML/CFT/CPF Law, the CDD requirements (clauses 24 and 28, Part 1, Articles 9-12 of the Law) should also cover customers that are foreign legal arrangements. In addition to the above, data and documents obtained as part of CDD should be kept for no less than five years following the completion of business relations, the closing of an account or making a single transaction (Article 16 of the Law).

30. The revised AML/CFT/CPF Law also obliges the managers and trustees of foreign legal arrangements established in accordance with foreign laws and operating in the Republic of Tajikistan to notify the appropriate reporting entities of their status, as well as of the founder, beneficiary owner and assets/funds transferred by them for control and administration, when business relations are established or a single transaction above the threshold is made (Part 4, Article 26 of the Law).

Recommendations 26 and 28 (rated PC)

31. The revised AML/CFT/CPF Law specifies the public authorities that conduct AML/CFT/CPF supervision of the reporting entities (Article 29 of the Law). In addition, the supervision authorities' functions and powers have been extended, which, inter alia, include the monitoring, supervision and inspections of the reporting entities, as well as the application to them of corrective actions for violations of the AML/CFT/CPF laws (Article 30 of the Law).

32. Also, it requires all supervision authorities to conduct risk-based supervision. For instance, pursuant to Article 31 of the revised AML/CFT/CPF Law, when supervision authorities conduct AML/CFT/CPF supervision, they should determine the frequency and scope of their activities under the following factors:

- 1) The ML/FT/PF risks and the appropriate measures, mechanisms of internal control and internal procedures of the reporting entities and financial groups;
- 2) The ML/FT/PF risks faced by the jurisdiction;
- 3) Features of the activities of reporting entities or financial groups, in particular, the diversity and number of reporting entities and flexibility given to the reporting entities or financial groups under a risk-based approach.

33. The Law requires supervision authorities to assess the structure of the ML/FT/PF risks of a reporting entity or financial group, including periodically assessing the risk of legal incompliance as well as in cases of significant events or changes in the management and activities of reporting entities or financial groups (Part 2, Article 31 of the Law).

Recommendation 27 (rated LC)

34. Pursuant to Article 30 of the revised AML/CFT/CPF Law, supervision authorities have the following powers to perform their functions:

- 1) conduct inspections at the premises of the supervised reporting entities without the reporting entities' preliminary consent or any other authority's permission;
- 2) request and obtain from the reporting entities any information and documents required for supervision and inspections;
- 3) in the event of failure to implement or improper implementation of the requirements of the AML/CFT/CPF laws of the Republic of Tajikistan, give instructions, directions or orders to the regulated reporting entity or take any other corrective measures specified in Article 32 of this Law in the manner prescribed by the laws of the Republic of Tajikistan;
- 4) maintain cooperation and share information with other competent authorities and foreign counterparts on ML/TF/PF issues.

Recommendation 33 (rated LC)

35. The requirement to keep AML/CFT/CPF statistical data has been enshrined in the Law. In particular, pursuant to Article 5 of the revised Law, the competent authority (the FMD under the NBT), supervision, law enforcement and other government authorities should, within their mandate, keep AML/CFT/CPF statistical data, including the data on:

- 1) number of regulated reporting entities;
- 2) received, reviewed and sent STRs and reports of transactions subject to mandatory control;
- 3) initiated, dismissed or referred criminal cases on predicate offences and offences related to ML/FT/PF, as well as the results of their consideration in court;
- 4) assets/funds that were frozen, arrested and confiscated in connection with predicate offences and offences related to ML/FT/PF;
- 5) provision/obtaining of legal assistance, including as part of criminal cases or other international requests for cooperation with foreign counterparts on predicate offences and offences related to ML/FT/PF;
- 6) results of use, information and files obtained from the competent authority;
- 7) any other information essential for the ML/FT/PF framework.

36. In addition, with the technical assistance of the International Monetary Fund, the Decree of the Government of the Republic of Tajikistan On Procedure for Keeping AML/CFT/CPF Statistical Data is being developed.

Recommendation 35 (following the 2nd Follow-up Report rated LC)

37. The revised AML/CFT/CPF Law specifies corrective measures that supervision authorities may apply to the reporting entities, their managers and their officials. For instance, Article 32 of the revised Law stipulates that supervision authorities may apply the following measures to reporting entities that do not comply with or insufficiently comply with the AML/CFT/CPF requirements of the laws of the Republic of Tajikistan:

- 1) give written instructions and orders to rectify the deficiencies;
- 2) issue written orders to cease the illegal action;
- 3) impose penalties in the manner prescribed by the laws of the Republic of Tajikistan;
- 4) take measures in accordance with the laws of the Republic of Tajikistan to suspend and cancel a license or permit issued to the reporting entity;
- 5) take any other corrective actions prescribed by the laws of the Republic of Tajikistan within their mandate.

38. Article 33 of the Law stipulates the procedure for giving instructions, directions and orders.

3.2. PROGRESS ON RECOMMENDATIONS WHICH HAVE CHANGED SINCE COMPLETION OF ON-SITE VISIT

39. Since completion of the on-site visit to the Republic of Tajikistan (in March 2018), the FATF amended Recommendations 2, 15, 18, 21, 24 and 25.

40. As indicated in the second FUR (paragraph 74), the Republic of Tajikistan has implemented the new requirements set out in FATF Recommendations 2 and 21.

Recommendation 18 (rated LC)

41. With regard to the new requirements of Recommendation 18, it should be noted that they are implemented in Article 23 of the revised AML/CFT/CPF Law. For instance, pursuant to parts 2 and 3 of the above-mentioned Article:

“2. All branches and representative offices, subsidiaries and any other affiliated companies where the financial and similar groups of reporting entities have controlling interests should implement AML/CFT/CPF programs developed by the financial and similar groups. Apart from the measures specified in Part 1 of this Article, these programs should also include:

- 1) procedures and guidelines related to information sharing on a group level, which is required to conduct CDD and manage the ML/TF/PF risks;

- 2) ensuring, on a group level, the compliance of the AML/CFT/CPF measures with the requirements of the laws of the Republic of Tajikistan, audits and other appropriate functions on a group level, submission of information on customers, accounts and transactions obtained from branches and subsidiary companies if it is necessary for the AML/CFT/CPF purposes;

- 3) guarantees of proper maintenance of confidentiality and use of the obtained information.

3. The information specified in paragraph 2, Part 2 of this Article includes information and analytical data on transactions and activities that seem unusual, provided that the appropriate analysis has been conducted. Branches and subsidiary companies should obtain this information from the appropriate entities on the group level when it is necessary or expedient for the purpose of risk management. The competent authority may specify the scope of information that should be submitted within a financial group, depending on the confidentiality of the information, and its importance for the purpose of managing ML/TF/PF risks.”

42. In addition, with the technical assistance of the International Monetary Fund, the Decree of the Management Board of the National Bank of Tajikistan On General Requirements for AML/CFT/CPF Programs is being developed.

Recommendation 24 (rated LC)

43. The revised AML/CFT/CPF Law obliges legal entities to have information on their beneficiary owners. For instance, pursuant to Part 1, Article 26 of the Law, legal entities established and incorporated

in the Republic of Tajikistan shall:

“1) generate reliable information on the natural person who is its beneficiary owner based on existing and available information and regularly update it;

2) keep information on the beneficiary owner of a legal entity and any other information contained in the Unified State Register of Legal Entities and Individual Entrepreneurs for no less than five years from the date of its liquidation or termination of its operation in any other way;

3) notify the authority that conducts the state registration of legal entities of any changes in basic and beneficiary owner information in the manner and within the timeframes prescribed by the laws of the Republic of Tajikistan.”

44. Also, the obligation of legal entities and registrars of joint-stock companies has been enshrined in the Law to submit information on the beneficiary owner upon request to the competent authority or any other government authorities.

45. Assessment of the ML/TF risks of legal entities is scheduled for 2023. To conduct them, the Council of Europe showed its willingness to provide technical assistance, as part of which a meeting with an international expert is scheduled.

IV. PROGRESS IN IMPROVING THE EFFECTIVENESS OF THE AML/CFT SYSTEM

Immediate Outcome 3

46. See information on progress on Recommendations 26-28.

47. For the purpose of supporting the supervision authorities in monitoring and inspecting reporting entities and implementing of risk-based supervision, with the technical assistance of the Asian Development Bank, a draft Guidance on Procedure for AML/CFT/CPF Inspections of Reporting Entities has been developed; now it is being approved by the units of the National Bank of Tajikistan (the NBT). This Guidance is intended for financial supervision authorities (the NBT (the Financial Monitoring Department under the National Bank of Tajikistan), the Ministry of Finance and the Communications Service under the Government of the Republic of Tajikistan). It specifies mechanisms for both on-site and off-site inspections.

48. In the reporting period, the following workshops and training events were held via videoconferencing with the support of the EAG, ITMCFM and other international organizations:

- June 9, 2022 - roundtable discussion entitled “Compliance with the AML/CFT Regime by Supervision Authorities and Mobile Telecommunications Networks. Establishment of an Internal Control System in the Mobile Telecommunications Sector and Regulation of This Category of Entities”;
- July 8, 2022 - workshop entitled “Practical Aspects of the National ML/TF Risk Assessment”;
- July 27, 2022 - workshop entitled “Monitoring Cryptocurrency Transactions”;
- July 28-29, 2022 - workshop entitled “Legal Regulation of Virtual Assets. AML/CFT at Crypto Market”;
- August 5, 2022 - workshop and roundtable discussion entitled “Assessment of DNFBP Risks”;
- August 12, 2022 - workshop entitled “Ensuring Effective Supervision of New Financial Technologies (implementation of the requirements of Recommendation 15)”;
- August 19, 2022 - workshop and roundtable discussion entitled “Practical Aspects of Supervision Authorities’ Monitoring of Reporting Entities”;
- September 23, 2022 - workshop entitled “Assessment of ML/FT Risks Related to Remote Identification and Digital Financial Technologies”;
- September 30, 2022 - workshop and roundtable discussion entitled “Voluntary Compliance with Tax Laws”;

- March 3, 2023 - workshop entitled “The Best Practices on the Development and Implementation of Algorithms to Analyze Initial Data to Identify Negative Trends of Reporting Entities’ Activities”;
- March 28, 2023 - workshop entitled “Arrangement of Supervision of Payment Service Providers”.

Immediate Outcome 4

49. See information on the progress on Recommendations 12 and 22.

50. Resolution of the Permanent Interagency AML/CFT/CPF Commission No. 18 dated December 30, 2021, established the Compliance Council and approved the Regulations that regulate its activities. The Council is a body that consults the competent authority, supervision authorities and reporting entities; it reports to the Permanent Interagency Commission. The Council’s principal tasks are to prepare and discuss proposals and recommendations to enhance information sharing, establish feedback among the competent authority, supervisory authorities and reporting entities, exchange best practices and expertise and other AML/CFT/CPF issues.

51. On June 17, 2022, the first meeting of the Compliance Council was held and its composition, which included the officials of supervision authorities, was approved. In addition, the best practices for identifying and submitting STRs were considered.

52. To enhance the professional AML/CFT/CPF qualifications of the reporting entities, the Department and other supervision authorities conduct training events for the reporting entities. For instance, in 2022, the Training Center of the Department conducted three AML/CFT/CPF trainings that were attended by more than 150 employees of financial and insurance institutions.

53. In addition, in 2022, the Ministry of Finance conducted a number of workshops for the regulated reporting entities on the subjects Disruption of ML/FT in Entrepreneurial Activities, AML/CFT/CPF Rights and Obligations of Government Authorities, Cooperation with Legal Entities on Compliance with the AML/CFT/CPF Laws and AML/CFT/CPF in the Course of the Purchase and Sale of Precious Metals and Precious Stones, Jewelry Made from Them and the Scrap of These Products. On the side of international organizations, a seminar on "Compliance with the AML/CFT regime for lawyers and notaries" was held on 15 July 2022 and a seminar on "Practices in the detection of suspicious transactions related to the financing of terrorism and the financing of proliferation of weapons of mass destruction" - on 26 August 2022.

Immediate Outcome 5

54. See information on progress on Recommendation 24.

55. To ensure reliable and up-to date information on legal entities contained in the Unified State Register, Law of the Republic of Tajikistan No. 1659 dated January 02, 2020, has amended the Code of Administrative Offences of the Republic of Tajikistan and strengthened the sanctions for the violation of the legal requirements on the state registration of legal entities and individual entrepreneurs.

56. In addition, training events have been organized with the assistance of EAG, ITMCFM and other international organizations. For example, on 17 March 2023, a seminar on "Experiences of EAG states in registration and accounting of business entities and beneficial ownership accounting" was held.

Immediate Outcome 6

57. Due to the increase in economic indicators in the Republic of Tajikistan, an increase in transactions as compared with the previous reporting year was observed, which, in turn, influenced the number of STRs. For instance, in 2022, as compared with 2021, the correlation between the number of transactions and STRs decreased by 2%.

58. On June 9, 2022 in order to implement the Project Plan on technical assistance to the Republic of Tajikistan (item 1.4.2 Training activities for FIU on STR and preparation of initiative materials) "Provision of training module for FIU on STR processing" the kick-off meeting of ITMCFM with FIU Tajikistan and the expert was held.

59. To enhance the quality of STRs, in addition to the training and outreach events conducted for financial institutions, the Department, taking into account other FIUs' experiences, has prepared for financial institutions a form for primary processing and keeping of the identified STRs. This document has been submitted to all financial institutions for further use in their activities (Letter of the NBT No. 27-376/1853, dated July 14, 2022).

60. To establish an effective data analysis system, late in 2022 - early in 2023, the Department initiated a process to update the information system to obtain, process and review data and reports. In this regard, an agreement with the software developer has been signed. In addition, OSCE showed its willingness to cover a part of these expenses and an agreement with the OSCE Programme Office in Dushanbe has been signed to split expenses on the establishment of an efficient data analysis system.

61. With respect to the interaction of the Financial Monitoring Department under the National Bank of Tajikistan with law enforcement authorities, it should be noted that in 2022 law enforcement authorities submitted 216 requests to the Department to conduct inspections and submit information, of which 176 related to TF and 40 related to ML and predicate offences. This figure is 22% more than that in 2021 (in 2021, 177 requests were received, of which 122 related to TF and 55 related to ML and other predicate offences).

62. In addition, in 2022, the Department submitted 62 spontaneous information reports to law enforcement authorities, of which 57 related to TF and 5 related to ML, which, as compared to 2021 (in 2021, 37 spontaneous information reports were submitted, of which 34 related to TF and three related to ML) is an increase of 68%.

63. In the first quarter of 2023, law enforcement authorities submitted to the Department 71 requests, of which 54 related to TF and 17 related to ML and predicate offences. Also, this period saw 17 spontaneous information reports, of which 15 related to TF and 2 related to ML and predicate offences.

Immediate Outcome 7

64. In 2022, law enforcement authorities of the Republic of Tajikistan registered and initiated 11 criminal cases under Article 262 (Laundering of Criminal Proceeds) of the Criminal Code of the Republic of Tajikistan.

65. In 2022, the most successful investigation conducted by the Financial Monitoring Department under the National Bank of Tajikistan was an investigation of the activities of a company which has the characteristics of being "fictitious" (see case study 1).

Case Study 1: Disruption of the Activities of Shell Companies

The Financial Monitoring Department under the National Bank of Tajikistan ("the Department") conducts periodic monitoring of the internal database on an ongoing basis to identify shell companies.

In January 2022, in the course of such monitoring, information was obtained on a legal entity (Company A) that, following its incorporation, immediately started its foreign economic activities, i.e., made especially large cross-border transfers to foreign counterparties.

The Department initiated a financial investigation against Company A. In this regard, to enrich the information obtained from its own database, requests were submitted to the appropriate government authorities. Following the financial analysis, the following suspicious aspects of transactions made by Company A have been identified:

- unknown source of funds;
- lack of data in the database of the Customs Service on any import and export transactions;
- false clearance certificates that were submitted to the reporting entities, including goods purchase and sale agreements; and
- discrepancies between the tax payments and the actual money turnover of the company.

This case as a spontaneous file was submitted to a law enforcement authority of the Republic of Tajikistan, following which a financial investigation was initiated.

Accordingly, criminal cases under Article 247 (Fraud), Article 263 (Illegal Banking), Article 287 (Failure to Return Foreign Currency from Abroad) and Article 340 (Forgery, Manufacture or Sale of Forged Documents, State Awards, Seals, Stamps and Letterheads) of the Criminal Code of the Republic of Tajikistan were initiated against the authorized persons of Company A. In addition to the above-mentioned articles, the initiation of a criminal case under Article 262 (Legalization/Laundering of Illegal Funds) of the Criminal Code of the Republic of Tajikistan is being considered.

66. With a view to improving professional training of the LEA officers (field agents, investigator and prosecutors, in particular) and officers of other ministries and agencies in detecting and disrupting ML/TF offences, the Financial Monitoring Department under the National Bank of Tajikistan held the following training events with the support of the development partners and donors:

- Workshop OSCE “Training of FIU for Efficient Identification, Investigation and Judicial Examination of ML-related Criminal Cases”;
- The Budapest conference: a workshop entitled AML/CFT Interaction between the Customs Service and FIU held by the World Customs Organization (Hungary, Budapest, October 13-14, 2022);
- Forum entitled “Assets Recovery through Enhancement of International Cooperation in Europe and Central Asia” (The Republic of Kazakhstan, Astana, October 27-28, 2022);
- OSCE typology research training (the Republic of Tajikistan, Dushanbe, March 16-17, 2023);
- Council of Europe and the European Union training on Strategic analysis (The Republic of Tajikistan, Dushanbe, March 28-31, 2023).

67. Moreover, the following workshops and training events were held via videoconferencing with the support of the EAG, ITMCFM and other international organizations:

- September 8, 2022 - workshop entitled “Investigation of Predicate Offences Related to Money Laundering by Organized Criminal Groups and International Criminal Syndicates. Practical Aspects of the Financial Investigations of ML by Organized Criminal Groups and International Criminal Syndicates (presentation of a country case)”;
- September 16, 2022 - workshop entitled “Practical Aspects of Implementation of Recommendation 33 (Statistics). Improvement of Keeping Statistical Reporting to Collect, Analyze and Consolidate AML/CFT Data for the Purpose of the Implementation of Recommendation 33 (Statistics)”;
- October 07, 2022 - workshop and round table discussion entitled “Practical Aspects of the Investigation of Predicate Offences Related to Human Trafficking”;
- October 18-19, 2022 - workshop entitled “Investigations of Predicate Offences Committed through Virtual Assets”;
- December 19-23, 2022 - workshop entitled “Identification, Arrest, Confiscation, Management and Sale of Assets”.

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68. In 2022, the law enforcement authorities of the Republic of Tajikistan registered and initiated 24 criminal cases under Article 179.2 (Financing of Terrorism Offences) of the Criminal Code of the Republic of Tajikistan. As compared to 2021 (13 criminal cases), their number has increased by 11 items, or approximately by 85%.

69. In 2022, the Financial Monitoring Department submitted 57 TF spontaneous information reports to the law enforcement authorities of the Republic of Tajikistan. The submitted spontaneous information reports are reviewed and verified by law enforcement authorities, and if TF is confirmed, criminal cases are initiated against defendants in the investigation. The most successful investigation of TF-related criminal case initiated in 2022 based on the Department’s spontaneous information reports was an investigation in respect of a national of the Republic of Tajikistan Mr. Kh.Sh., (see case study 2).

Case Study 2: Investigation of terrorist financing based on initiative material from the Financial Monitoring Department

In 2022, the Department, in cooperation with the Binance cryptocurrency exchange, disrupted the activities of an organized criminal group that was engaged in extremist and terrorist activities.

In the course of the review of a suspicious report received from the above-mentioned exchange in December 2022, it was identified that a national of the Republic of Tajikistan, Mr. Sh.Kh., being in country A, created two channels in Telegram under the conventional names Online and Online 1. These channels conducted active extremist activities with their creator's radical thoughts; the ideology was based on the distortion of the citations from the Holy Scriptures. Also, the channel urged its subscribers to jihad; it featured videos where young men took the oath to the international terrorist organization ISIS near its flag. To financially support this ideology, Mr. Sh.Kh. published the details of a Binance cryptocurrency wallet.

Therefore, after reviewing the transactions made through the above-mentioned wallet, its turnover, which accounted for more than 2 mln US Dollars, and the counterparties from various world regions that sent funds to support this group have been identified.

Due to the fact that the counterparties of the said wallet were persons from various regions (nationals from a number of jurisdictions), international cooperation requests have been sent to the concerned jurisdictions through the Egmont Network.

Following a comprehensive review and submission of the appropriate information in the form of analytical papers to the law enforcement authority of the Republic of Tajikistan in respect of Mr. Sh.Kh. and his counterparties, a criminal case has been initiated under Article 307.3 (Organization of the Activities of an Extremist Organization) of the Criminal Code of the Republic of Tajikistan. The investigation of this case is in progress; law enforcement authorities are considering whether to initiate a criminal case under Article 179.2 (Financing of Terrorism Offences) of the Criminal Code of the Republic of Tajikistan.

70. The Government of the Republic of Tajikistan places a special emphasis on combating terrorism and violent extremism. Also, given the difficult situation in the region, combating these threats and resolving these issues, including national border control, is given a high profile; measures are taken to disrupt the cross-border movement of terrorist fighters, the trafficking of drugs, weapons and other cross-border offences.

71. Thus, on 18-19 October 2022, a high-level International Conference on "International and Regional Border Security and Control Cooperation to Counter Terrorism and Prevent Terrorist Movement" was held in Dushanbe. This conference was organised by the Government of Tajikistan together with the UN Counter-Terrorism Office, the UN Regional Centre for Preventive Diplomacy for Central Asia (UNRCCA), the Organisation for Security and Cooperation in Europe (OSCE), the European Union, the Kingdom of Saudi Arabia and the State of Qatar. The conference resulted in the Dushanbe Declaration on Border Security and Management to Counter Terrorism and Prevent the Movement of Terrorists.

72. It should be noted that this Conference is an integral part of the Dushanbe Process that was initiated in 2018 following the first high-level international conference on Combating Terrorism and Violent Extremism (Dushanbe, May 3-4, 2018) by the Government of the Republic of Tajikistan in cooperation with UN Offices, OSCE and the European Union (detailed information is published on the official web-site of the Conference: www.dushanbectprocess.org).

73. In addition, on 24 February 2023 a national conference was held in Dushanbe on the implementation of a strategy to combat extremism and terrorism in Tajikistan for the period 2021-2025: cooperation between State bodies and international organizations, to mark International Day for the Prevention of Violent Extremism, which creates a breeding ground for terrorism. The conference was attended by representatives of state bodies of the Republic of Tajikistan, international organizations, including representatives of the UNOCT, the OSCE, and others, as well as the private sector.

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74. See information on progress on Recommendations 6 and 8. There are periodic training events on this IO. For example, a seminar on "Assessing the Risks of Terrorist Financing in the Non-Profit Sector" was organized by international organizations on 17 June 2022.

75. The Financial Monitoring Department under the National Bank of Tajikistan in accordance with the Procedure for Freezing and Unfreezing of Funds or Other Assets of Natural Persons and Organizations Included in the List of Persons Associated with Terrorism (approved by the Decree of the Government of the Republic of Tajikistan No. 129 dated March 29, 2019) (www.nbt.tj/ru/financial_monitoring/perechni.php) publishes and regularly updates all lists on its website. In total, the lists were updated five times during the reporting period.

76. It should be noted that to disrupt TF through money order transfers and monitor the application of freezing requirements, in September 2019, the [National Processing Center of Remittance](#) (the "NPCR") under the National Bank of Tajikistan was established; it operates under the Procedure for Cross-Border Transfers of Funds and Operation of Payment Systems That Make These Transfers in the Republic of Tajikistan, approved by Order of the Management Board of the National Bank of the Republic of Tajikistan No. 117 dated September 27, 2019 (hereafter, the Procedure).

77. The NPCR is a unique system, it has an AML/CFT/CPF module that incorporates all lists of persons associated with terrorism and proliferation of weapons of mass destruction. The system allows its users to quickly, in real time mode, identify list hits and notifies thereof. Pursuant to the Procedure, payment processors should only make money order transfers through the NPCR and should include their systems in it.

78. Currently, all financial institutions and payment processors that operate in the Republic of Tajikistan have been connected to the NPCR system. The Financial Monitoring Department has direct access to this system, through which it monitors money order transfers in real time. Thanks to this system, TF risks through money transfers in the Republic of Tajikistan have been drastically reduced; all attempts of TF through these transfers are effectively disrupted.

79. In 2022, there were 5 cases of freezing of property (funds) of the persons included in the sanctions lists. Thus, in 2022, funds in the amount of USD 14,200 and 1,000 Russian roubles were frozen, which were sent through a money transfer system without opening a bank account to or made on behalf of persons on the national list.

80. During the first quarter of 2023, there was 1 case of freezing of a transaction by a person on the national list, which resulted in the freezing of funds by the reporting entity in the amount of 300,000 Russian roubles.

81. This follow-up report provides information on the measures taken by the Republic of Tajikistan to address technical compliance deficiencies on R.1, R.6 and 7, R.8, R.10, R.12 and 22, R.13, R.17, R.18, R.19 and 23, R.24, R.25, R.26 and 28, R.27, R.33, R.35 and to improve the effectiveness of the national AML/CFT system on Immediate Outcomes 3, 4, 5, 6, 7, 9 and 10 since the approval of the 3rd follow-up report of the Republic of Tajikistan for the period from June 2022 until April 2023.

82. The Republic of Tajikistan does not request in this report a re-rating on any of the FATF Recommendations. Therefore, this follow-up report is presented for information only.