

EURASIAN GROUP ON COMBATING MONEY LAUNDERING
AND FINANCING OF TERRORISM





Annual Report on the Activities
of the Eurasian Group on
Combatting Money Laundering
and Financing of Terrorism

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Opening Remarks of the EAG Executive Secretary Sergey Teterukov

Dear Colleagues!

The coronavirus pandemic has caused significant disruption to the activities of the Eurasian Group in the past year. Therefore, our main goal was to preserve the continuity of the EAG activities as part of the FATF Global Network. To this end, the following steps were taken:

- adapting the Secretariat's management to the remote work environment;
- building channels of operational interaction with the Member States and Observers, primarily the FATF Secretariat, in close cooperation and with the support of the ITMCFM;
- amending the short- and medium-term work plans to prioritize the projects and activities which could be carried out remotely;
- changes in EAG working procedures to increase flexibility and speed of decision-making.
- suspension of mutual evaluations of Turkmenistan and the Republic of Uzbekistan;
- adoption of EAG special procedures for conducting mutual evaluations in a pandemic environment;
- decision in principle to amend the EAG statutory documents and the main parameters of these changes;
- launch of a large-scale project on ML/TF Regional Risk Assessment, within the framework of which the methodology and methods of information collection have been agreed;
- approval of the basic principles of operation of the International Compliance Council;
- reinstatement of observer status for the Federal Republic of Germany.

In 2020 the Eurasian Group successfully held two virtual plenary meetings using videoconferencing facilities. The main outcomes of these meetings were:

The Secretariat continued to support Member States in their efforts to develop AML/CFT systems. Within the framework of the pilot project on TC coordination, work continued assisting the Republic of Tajikistan. Work has



The Eurasian Group continued to actively participate in key projects of the FATF Global Network, such as the revision of standards on PF and beneficial ownership, as well as on the development of a modality for a new round of mutual evaluations.

begun with the Republic of Kazakhstan to prepare the country for the upcoming mutual evaluation at the end of 2021. Expert support was provided to several countries on the introduction of remote identification of clients of financial organizations to adapt to the conditions of work during the pandemic.

The Eurasian Group continued to actively participate in key projects of the FATF Global Network, such as the revision of standards on PF and beneficial ownership, as well as on the development of a modality for a new round of mutual evaluations.

In 2020, a Memorandum of Understanding between the EAG and the Eurasian Economic Commission was agreed upon and significant work was

done to strengthen further cooperation in the field of AML/CFT experience and analysis, identification, and analysis of ML/TF risks, mutual expert support. The memorandum was signed in February 2021.

The year 2020 was also marked by the 15th anniversary of the International Training and Methodological Center for Financial Monitoring, which has been a reliable partner of the Eurasian Group during all these years. The EAG Secretariat congratulates the colleagues and wishes further success.

The EAG Secretariat thanks the Member States and Observers of the Eurasian Group for their contribution to the work of our organization, which allows us to look into the future with optimism.



About the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG)

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GOALS AND OBJECTIVES

The Eurasian Group on Combating Money Laundering and Financing of Terrorism is a FATF-style Regional Body (FSRB) established in 2004.

The EAG's main goal

is to improve the conditions for protecting the financial systems and economies of the EAG Member States from the threats of money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction in accordance with international anti-money laundering measures.

The EAG's key objectives are to:



assist the Member States in implementing the FATF Standards



coordinate international cooperation and technical assistance programs with the relevant international organizations, agencies and countries concerned



develop and implement joint activities, introduce best practices aimed at the development of AML/CFT/PF systems



conduct an analysis of money laundering and terrorist financing typologies, risks and trends and share experience in combating these crimes in the context of each given region



conduct mutual evaluations of its members in line with the FATF Standards, including studying the effectiveness of the newly adopted anti-money laundering and terrorist financing legislative and other measures

EAG ACTIVITIES

In accordance with the Eurasian Group AML/CFT Strategy for 2019-2023, its strategic priorities include:



Strengthening national AML/CFT systems of the EAG Member States and improving compliance with the FATF Standards, which includes

the conduct of mutual evaluations and monitoring of the Member States' progress in addressing the deficiencies identified by the evaluations and further improving national AML/CFT systems and increasing efficiency of technical assistance provided, including by improving existing approaches.



Assessment of regional ML/TF risks

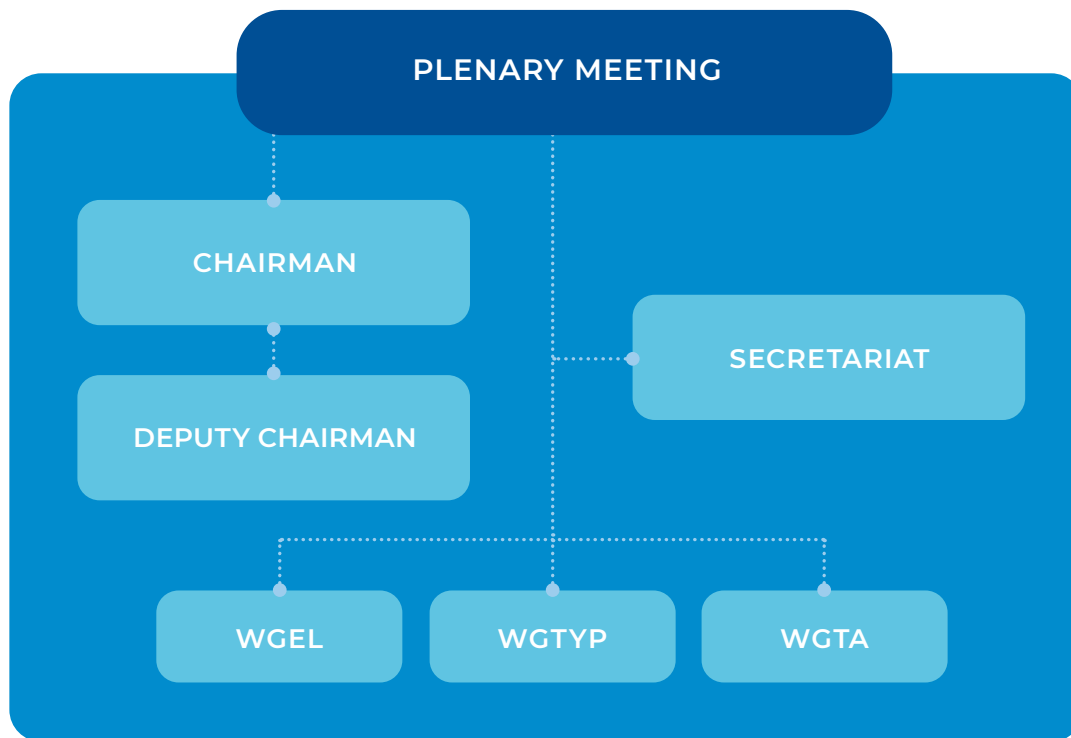
and development of recommendations and measures to mitigate them, as well as identification of the needs for technical assistance and follow-up monitoring.



Ensuring effective interaction and cooperation at the regional level, which, among other things,

involves analysis of the contribution of the EAG Member States and Observers to the activities and development of the Group. Taking into account the complexity of national AML/CFT mechanisms, the new strategy implies the involvement in the EAG work of a wider range of stakeholders, representing not only relevant competent authorities (financial intelligence units, law enforcement agencies and supervisory institutions), but also legislative bodies and the private sector.

EAG ORGANIZATIONAL CHART



The Plenary meeting is the supreme decision-making body of the Eurasian Group. The Plenary considers the key issues of the EAG Member States' common interest, defines the strategy and focus areas, and adopts non-regulatory decisions aimed at accomplishing the goals and objectives of the Eurasian Group.

Since January 2020, the EAG Chairman is Yury Chikhanchin (Russian Federation), Farhod Bilolov (Republic of Tajikistan) holds the position of Deputy Chairman.

The EAG Executive Secretary is Sergey Teterukov (Russian Federation). The Executive Secretary heads the EAG Secretariat, which performs

administrative and technical functions on a continuous basis with a view to implementing decisions of the Plenary Meeting and instructions of the Chairman.

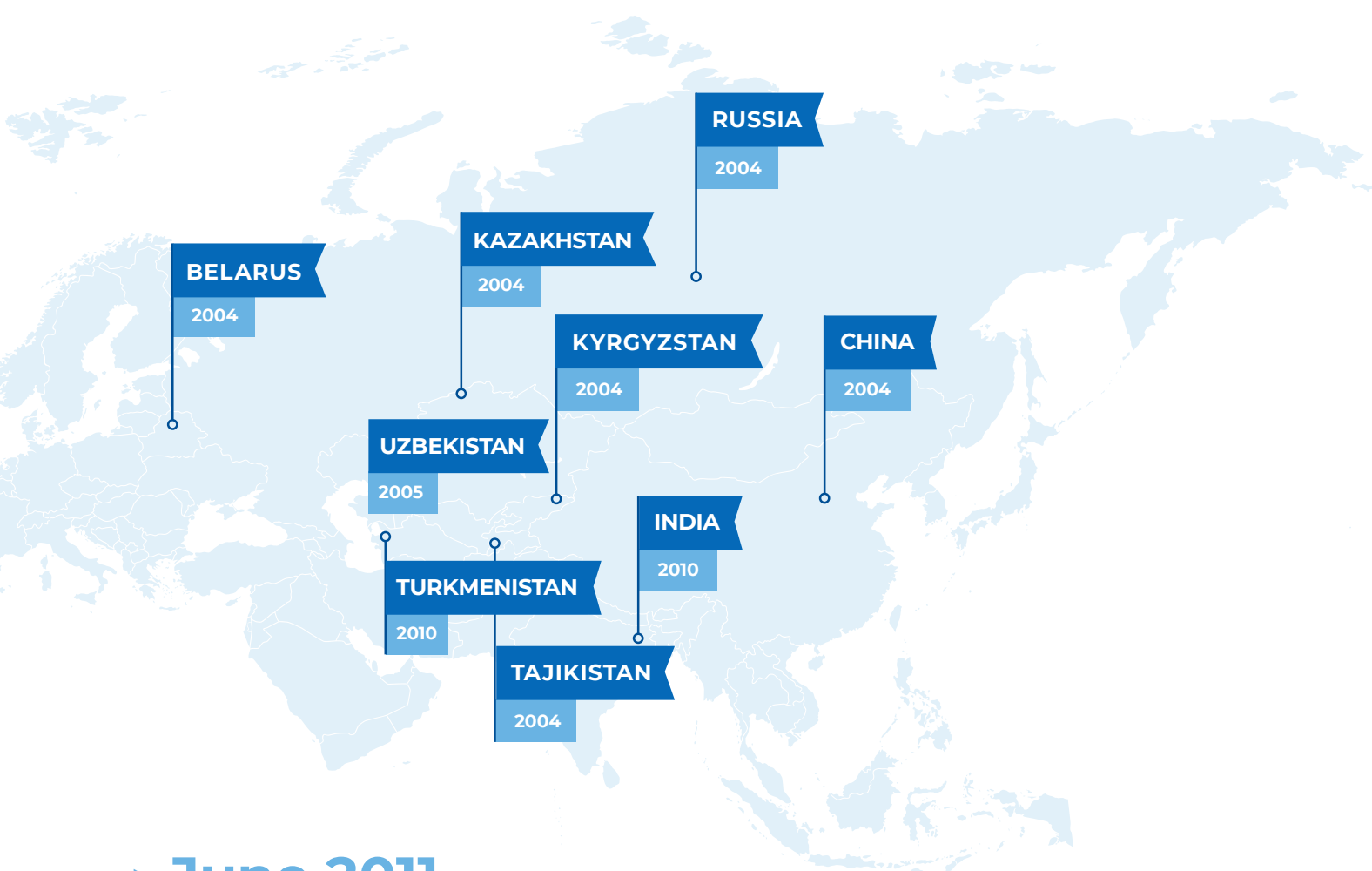
The EAG Secretariat consists of representatives of the EAG Member States and currently includes representatives of the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation and the Republic of Tajikistan. Representatives of the Russian Federation have been assigned to the EAG Secretariat by the Russian Government Resolution since 2019.

EAG MEMBER STATES

► October 2004

The EAG Founding Conference was held in Moscow on October 6, 2004. Six founding States took part in it: Belarus, Kazakhstan, China, Kyrgyzstan, Russia and Tajikistan.

In 2005 and 2010, the Group was expanded to include Uzbekistan (2005), Turkmenistan (2010) and India (2010), which previously had observer status.



► June 2011

The agreement on the Eurasian Group on Combating Money-Laundering and Financing of Terrorism was signed in Moscow in June 2011, giving the EAG the status of a regional intergovernmental organization.

WELCOMING REMARKS BY HEADS OF THE EAG MEMBER STATES' DELEGATIONS



Republic of Belarus

VIACHESLAV REUT

Director of the Financial Monitoring
Department of the State Control Committee
of the Republic of Belarus



Dear colleagues,

Last year was not an easy one for all participants of the global AML/CFT system, including in connection with the consequences of the COVID-19 pandemic. It brought new challenges and threats against the background of the global economic downturn and increased terrorist and destructive activities. New technologies, social networks, and manipulation of facts are increasingly being used for this purpose.

Against this unfavorable background, Belarus continued to take an active and consistent part in improving the global system for countering transnational organized crime, international terrorism, financial fraud, and corruption.

Within the framework of the implementation of the FATF standards into the national legislation and their practical implementation, a trustworthy interbank system of identification of clients operates in the country, control over the sphere of gambling business is organized, compulsory identification of e-wallet holders as a tool against illicit drug trafficking is established.

Among the key areas of work in 2020 is the systematic improvements in the regulatory and legal regulation of the

institutional environment, strengthening the human and technical capacity of the AML/CFT system, further development of international cooperation.

To ensure technical compliance of Belarusian legislation with the updated FATF international standards and to prepare our country for the next progress report in 2022 amendments and additions were made to the basic AML/CFT law of the Republic of Belarus, which came into force in November 2020. In particular, the list of persons engaged in financial transactions, which are assigned to the relevant supervisory bodies, the provisions on increasing the transparency of beneficial ownership on the need to create a coordinating body in the field of AML/CFT, and others was expanded.

New risks that are now emerging in all countries (and Belarus is no exception) are associated with the use of virtual assets. Belarus was one of the first countries of the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) to start working on the issue of regulation of their turnover. As a result, since November 2020 the state institution "Administration of High Technologies Park" has been designated as a supervisory body for persons engaged in financial transactions with virtual assets.

Constructive inter-agency cooperation plays a crucial role in the implementation of several concepts, government programs, and strategies in the fight against crime and corruption. It has largely contributed to the successful implementation of the Action Plan to minimize identified risks based on the results of the national assessment of money laundering and terrorism financing risks.

Another confirmation of the commitment of the Republic of Belarus to comply with international obligations was the completion in 2020 of domestic procedures for signing the Treaty of the Commonwealth of Independent States on Combating Money Laundering, Terrorist Financing, and the Financing of Proliferation of Weapons of Mass Destruction.

The achieved results would not have been possible without the comprehensive support of the Federal Financial Monitoring Service of the Russian Federation, the International Training and Methodological Centre for Financial Monitoring (ITMCFM), international organizations, and foreign colleagues.

I also express my sincere gratitude to the EAG Secretariat, Secretariat of the Council of HoFIUs of CIS, and ITMCFM for the organization of distance learning activities under the pandemic. The practical orientation of these events allowed to exchange experience and best practices in the field of AML/CFT, once again emphasizing the commitment of the participating countries to international standards in the field of combating money laundering and terrorist financing.

In conclusion, I would like to reiterate my interest and readiness for further improvement of the anti-money laundering regime in the Republic of Belarus and active participation in the EAG activities.

I wish all the EAG Member States productive work, further success, and new achievements in solving responsible tasks set before our international organization.



Republic of India

PANKAJ MISHRA

Director, FIU-India

**Dear Colleagues,**

At the outset, India would like to commend EAG Secretariat for working assiduously in the unprecedented situation of the global COVID 19 pandemic. As the virus knows no boundaries, in the past year, like every other country, India also grappled with the socio-economic fallouts of the pandemic along with addressing the needs of public health.

With timely and swift actions, India has been able to contain the transmission rates, provide the requisite healthcare facilities and ensure economic stability. The year 2020 has taught the world the significance of decisive, co-ordinated and innovative policy action at the global level.

I am pleased to state that India has continued to make progress in strengthening the legal and institutional mechanisms against money laundering, terrorist financing and proliferation financing.

The Directorate of Enforcement issued a technical circular in 2020, modifying and consolidating the guidelines for identification of a particular case for investigation under the Prevention of Money Laundering Act, 2002 following a risk-based approach. The Circular provides that certain categories of cases should be mandatorily investigated and certain cases shall be investigated on the basis of quantity/amount involved on the basis of examination by a Risk Assessment Monitoring Committee (RAMC).

Reserve Bank of India initiated the process of further strengthening the process of collecting supervisory data relating to KYC / AML, which would facilitate better risk discovery, risk assessment and Risk Based Supervision (RBS) processes in respect of KYC/AML supervision. RBI is also preparing a model to risk profile the banks for carrying out risk-based KYC / AML inspection.

Securities and Exchange Board of India issued guidelines on e-KYC Authentication facility under section 11A of the Prevention of Money Laundering Act, 2002 by Entities in the securities market for Resident Investors. SEBI also enabled the usage of eSign, DigiLocker, online / App based KYC, in-person verification through video, online submission of Officially Valid Document (OVD) / other documents under eSign.

India also commenced the process of National Risk Assessment 2020, under the aegis of The Joint Working Group (JWG), which builds on the national risk assessment carried out in 2019. The process involves identification and assessment of ML/TF risk, in conjunction with various stakeholder agencies/ organizations/departments and private sector. Due consideration is given to national statistics, annual reports, reports on public media, reports of international organizations. The process would help us in comprehending the nature, source, frequency of threats and extent of vulnerability faced by the country. Basis these, relative value or importance would be assigned to each of the risks identified.

Identified as the actionable points in NRA 2019, Central Board of Indirect Taxes and Customs, constituted under Central Boards of Revenue Act, 1963 has been

designated as Regulator with respect to real estate agents and dealers in precious stones and metals.

India faces the long-standing challenge of terrorism, particularly cross-border terrorism. India is particularly vulnerable to TF and other forms of illicit finance because of funds originating from foreign locations. The geographical position, resources and diversity of India make it a target for terrorist financiers raising funds to support activity in India. India condemns terrorism in all its manifestations.

The law enforcement response has ensured that the situation is effectively contained which has been possible because of the stringent domestic legal regime against terrorism and a strong law enforcement response. India has a federal structure, Effective coordination between the central investigation and intelligence agencies with their State/ UT partners has also made a huge difference. A strong multi-agency border control mechanism has been put in place to guard the borders.

The targeted measures adopted by these agencies prevent terrorists from anonymously raising, moving, and using funds, through the development and effective implementation of international AML/CFT standards. Through these systemic efforts, India has been able to close off gaps in the Indian financial system that terrorist groups can exploit.

India actively and effectively renders and requests international cooperation in relation to terrorist financing, money laundering, associated predicate offences, related financial crime investigations and prosecutions and asset forfeiture matters. India has

broad legal basis and mechanisms in place for providing assistance and has been extensively using the available international legal instruments, including authority under international and regional conventions, Mutual Legal Assistance Treaties (MLAT), Letters Rogatory (LR), Extradition Treaty, Memorandum of Understanding or other agreements, and reciprocity. Also, direct communication channels have been opened and strengthened so that assistance is received and provided expeditiously both from informal and formal channels.

The Covid-19 crisis brought into focus new areas of ML/TF risks in the country such as online financial services to move and conceal illicit funds, misuse of domestic and international financial aid, new cash incentive business etc. as detailed below:

- Production of forged masks and hand sanitizers and selling them in the market at a huge premium
- Transporting of migrant labourers from their place of work to their hometowns after taking huge bribe/money
- Selling of medicines, sometimes at a huge premium, with a promise that it might cure the disease
- Phishing through links to malicious websites in the garb of providing useful information
- Circulation of fake news and obtaining of financial benefits e.g. from high volatility in share market
- Diversion of food grains meant to be distributed to lower income strata from public distribution system and

subsequent hoarding/black-marketing.

- Hoarding and selling of non-essential items like cigarettes, alcohol etc illegally at premium
- Diversion of donations meant to be used for COVID-19 by NPO's/trusts
- Risk of increased cyber frauds. As more and more financial transactions are done online, and physical verification/ interaction of the financial institution with its customers decrease, the risk of criminals using the situation to perpetuate cyber frauds is certainly high

The Government of India and the various State Governments from time to time issued advisories and appealed for cooperation from private sector in connection with the COVID-19 crisis to raise awareness of emerging threats

- The Government made public announcement with respect to artificial price rise of medical equipment and drugs and regulated the same by capping their prices.
- The Government created awareness among financial institutions and public at large for shifting from cash payments to digital payments. In fact during the lockdown period, over 42% Indians have used digital payment mode multiple times as compared to the pre lockdown period. This has a positive outcome that many transactions have been shifted from cash to digital platform facilitating identification and tracking of payments by the authorities.
- The Government issued advisories against any misuse of Grant made for the purpose of COVID-19.

- To avoid profiteering by anyone by the way of spreading fake news, the Government of India also constituted a Covid-19 Fact Check Unit (FCU) in the Press Information Bureau (PIB).

Financial Institutions are the building blocks of the country's AML/CFT edifice and the information exchange and co-operation between the regulators/supervisors and the financial institutions helps in making the AML/CFT structure more effective and robust. As a part of their Risk Management practices, FI's undertook several actions in this regard:

(a) To counter AML/CFT risks, offsite analysis of the banks' data received through supervisory data templates (for KYC / AML) was undertaken. The supervisory data template is a comprehensive template which inter alia covers KYC/AML policy, risk categorisation, transaction data (offline and online), correspondent banking, beneficial ownership, inward and outward remittances, mode of transactions, type of accounts, etc. The data template is meant for risk categorisation of banks through risk indicators.

(b) Through issue of series of advisories, regulatory reporting and periodic meetings with top management of the supervised entities (SEs), the Reserve Bank of India ensured that the unconventional remote working conditions necessitated by the lockdown and adoption of other practices/procedures do not lead to a relaxation of existing cyber security framework and data protection controls in RE's. All REs had been sensitized to be extra careful to the threats from AML/CFT risks.

(c) The Securities and Exchange Board of India (SEBI) issued a notification on COVID 19 providing an exemption from closures to entities in the capital and debt market services as notified by SEBI. Accordingly, Exchanges and Depositories were exempted from closures and managed to supervise or monitor the compliance of AML/CFT using digital solutions. The surveillance functions as well as other regulatory functions have been operating without any impact. The transaction monitoring by the Exchanges/ Depositories as per the process that was followed prior to lockdown due to COVID-19 is unhindered and has been stable and efficient. The interactions with the market intermediaries including communication of the updates for Implementation of Section 51A of Unlawful Activities Prevention Act, 1967 and execution of the same has also been consistently progressing through digital communications which has resulted in ensuring the orderly functioning of the market.

(d) SEBI also issued a Standard Operating Procedure to carry out inspections remotely precluding the need of visiting the entity's office physically while not compromising on the quality of inspection and responses are sought digitally.

(e) With respect to Client onboarding, customer due diligence & KYC compliance, there had been no compromise on the compliance requirement. Registered Intermediaries had been generating alerts and providing the same to the reporting entities. Reporting Entities continue to file STRs.

FIU-India's engagement with REs has remained continuous and intensive. The good working relationship FIU-India has with major REs has proven to be helpful in continuing this engagement despite the constraints imposed by pandemic.

India is committed to play a proactive, positive and constructive role in the activities of EAG and work towards further improvement of the country's AML/CFT/CFP regime resulting in a mutually beneficial collaboration. The continuously changing tools and methods used by criminals require constant co-operation and information sharing at the global level to identify and curb the activities of money laundering and terrorist financing. I would also like to acknowledge the valued contributions of all EAG members and observers for their steadfast involvement in the EAG activities thereby implementing the objectives of EAG.



Republic of Kazakhstan

ZHANAT ELIMANOV

Chairman of the Agency of the Republic of Kazakhstan on Financial Monitoring



Dear colleagues!

Despite all the challenges, over the past year, Kazakhstan's financial intelligence has shown strong results in the fight against money laundering and terrorist financing.

In 2020, we have fundamentally changed our approach to combating money laundering. We prioritized prevention, that is, the identification of causes and conditions that lead to offenses and their further prevention.

As part of this work, a register of untrustworthy persons was created. It includes legal and natural persons who were previously convicted or against whom economic cases are being investigated.

To prevent possible financial transactions on the part of such entities, access to the register was granted to all compliance services of second-tier banks.

At the same time, the Financial Intelligence Unit intensified its work on tracing funds of terrorists and terrorist organizations.

More than 34 thousand transactions of individuals and legal entities have been analyzed. Suspicious activities of 327 non-profit organizations were detected.

As a result of such work, 83 analytical materials were forwarded to law enforcement bodies. On the transferred materials criminal proceedings were instituted, the activity of a transnational criminal group was suppressed and charges on money laundering were brought.

At the same time, Kazakhstan carried out active work to prepare for the upcoming second round of the Mutual Evaluation.

In May 2020, the Law on Amendments and Additions to the basic law on AML/CFT and related legal acts was adopted.

A framework for interagency and international cooperation was formed, including the trace and recovery of criminal assets.

The Financial Intelligence Unit was authorized to control and monitor certain subjects of financial monitoring, and administrative offenses were revised.

The modernization of own information systems was started, the work on their integration with databases of other state bodies is in progress.

We have introduced two information and analytical tools to perform a strategic and more in-depth analysis of financial flows.

This is how we aligned national legislation with the Financial Action Task Force (FATF) international standards.

To demonstrate FIU's commitment to the principles of "openness, transparency, and understanding", we launched a project to create and implement a Front

Office. The purpose of the Front Office is to demonstrate the service-oriented approach of FIU's work, mainly aimed at providing prompt and high-quality feedback to the subjects of monitoring.

Kazakhstan takes an active part in all initiatives and events on the EAG platform. We actively participate in the research of regional ML/TF risks assessment, which is one of the basic directions of EAG strategy.

Also, the representative of Kazakhstan was elected co-chairman of the EAG Working Group on technical assistance, which is proof of the high confidence of colleagues from the EAG countries.

I would like to take this opportunity to express my gratitude to the EAG Secretariat for their assistance in our preparation and the successful completion of the mutual evaluation.

In conclusion, I would like to wish all colleagues a successful work. May nothing prevent us this year from continuing our work on strengthening the financial security of the Eurasian region.

I wish all of us success in achieving our goals and further fruitful cooperation for the benefit of the prosperity of our countries.



People's Republic of China

MINGYOU BAO

Head of the Chinese Delegation to EAG,
Deputy Director General of AML Bureau,
People's Bank of China



Dear colleagues!

2020 has been a year of unprecedented challenges for everyone across the globe. The COVID-19 pandemic disrupts our daily lives and continues to pose a profound impact on Anti-Money Laundering and Countering Terrorist Financing activities.

Taking this opportunity, I would like to extend my heartfelt appreciation to the EAG for the excellent coordination in sharing best practice and experience in response to the negative impact of the pandemic.

To deal with the emerging ML/TF risks relating to the pandemic, the People's Bank of China has taken expeditious measures to monitor closely new threats and vulnerabilities, develop red flags, strengthen communication with the private sectors and issue guidance to allow certain flexibility in line with the FATF's risk-based approach. At this stage, the negative impact of the pandemic to the AML/CFT activities has been minimized.

Despite the fight against the pandemic, major headways were achieved in enhancing our AML/CFT regime. On 1st Oct, 2020, FATF published China's 1st Follow-up report to acknowledge China's progress made to improve technical compliance. More determined actions are on the way. Here I would like to highlight our pivotal progresses in following critical areas.

- The AML/CFT legal framework has been improved significantly. China has passed *the Amendment (XI) to the Criminal Law* to address the issue of "self-laundering". China has also initiated the amendment

of the AML Law, Measures for the AML/CFT Supervision and Administration of Financial Institutions and relevant AML/CFT regulations. Further, the PBC issued the *Guidance for Financial Institutions on the Self-assessment of ML/TF risks* to improve the implementation of risk-based approach by the reporting entities.

- We have attached great importance to enhancing the national AML/CFT coordination mechanism. With the AML/CFT work being incorporated into the agenda of the Financial Stability and Development Committee under the State Council, the AML/CFT coordination mechanism in China has been prominently improved. Moreover, four dedicated working groups were established within the AMLJMC to strengthen the strategical operational cooperation in AML/CFT policy, supervision, law enforcement and international cooperation.
- AML/CFT supervision of financial institutions has been more risk-based and financial sanctions became more proportionate and dissuasive. The PBC has significantly increased sanctions on AML/CFT violations in 2020. A new AML Supervision Platform was launched to facilitate off-site supervision. To better understand the ML/TF risk in DNFBPs, we have been conducting sectorial risk assessments of DNFBPs including lawyers, notaries, accountants, real estate agents, DPMS, company service providers and auction services. We have also accomplished the TF risk assessment on NPOs.
- With joint efforts of competent authorities and law enforcement agencies, we have proactively conducted AML/CFT investigations and the number of cases investigated

and convicted were at record high. Facilitated by the second-generation AML/CFT monitoring and analysis system, our national campaign against underground banks and organized crime achieved substantive outcomes.

- On the international front, China has been proud to hold the FATF Presidency 2019-2020 and call the first virtual plenary meeting in the FATF history. I would like to thank the EAG Secretariat and all EAG Member States and observers for your support to the Chinese Presidency. With your support, China fulfilled the Presidency duty with marvelous outcomes, especially overcoming the challenges of the pandemic. We actively contributed more assessors and reviewers than before to support FATF, EAG and APG to maintain their core functions. We also sent an expert to join the on-site visit to Mongolia with an expert of the EAG Secretariat during the difficult time.

While 2020 has been a year unlike no other in our lifetime, thankfully, 2021 is a year of promising beginnings.

As a Chinese poem reads, "Past a fallen ship, one thousand ships sail onward; for a sick tree, ten thousand trees thrive by spring." With unprecedented challenges comes remarkable determination. The pandemic constitutes a global challenge that calls for global response based on unity, solidarity, mutual support and multilateral cooperation. The EAG has neither shied away from any challenges, nor tumbled over any difficulties. With the EAG playing a critical and irreplaceable role in coordinating the regional response to the impact of the pandemic, I am confident that we will recover in a way that leaves us stronger and more prepared for the future.



Kyrgyz Republic

KANAT TURGUNBEKOV

Chairman of the State Financial Intelligence Service under the Government of the Kyrgyz Republic



Dear colleagues,

2020 was certainly a difficult year for all countries. It was a year of facing new threats and new types of crime caused by the coronavirus pandemic.

Nevertheless, every country adapted to the new realities and managed to face the new challenges with dignity. The past year was memorable for its innovations: online meetings of the Eurasian Group on Combating Money Laundering and Financing of Terrorism, Council of Heads of Financial Intelligence Units of the Commonwealth of Independent States and many other events, which were held in an unusual format. However, despite this, the State Financial Intelligence Service under the Government of the Kyrgyz Republic (SFIS) can confidently say that the work was conducted at a high level, and the plans and goals that we set for ourselves were implemented in full.

Last March, Kyrgyzstan imposed restrictions due to the coronavirus pandemic, but the restrictive measures generally did not affect the work of government agencies, financial institutions and other private sector entities. Private and public notaries, microfinance institutions, exchange offices, pawnshops and some areas of commerce were suspended. These measures were taken to avoid money laundering and terrorist financing through withdrawal and misuse of cash. There were cases when commercial banks of the Kyrgyz Republic refused to conduct operations due to the non-obvious nature of operations or when potential customer refused the bank services after conducting its enhanced due diligence.

The SFIS also brought to the attention of the private sector, law enforcement and supervisory agencies the provisions of the FATF President's special statement, "COVID-19 Money Laundering and Terrorist Financing Risks and Policy Responses", to explain the examples of the FATF standards under current conditions of the COVID-19 pandemic, sent letters (warnings) to financial institutions on possible fraudulent schemes that could be exploited by criminal elements in the current situation and on strengthening the ML/TF control by compliance services and requests for information on possibly unusual transaction offers received.

On September 8, 2020, the SFIS held an event to mark the 15th anniversary of establishing the financial intelligence unit of the Kyrgyz Republic. It was attended by representatives of the Government Office, ministries and departments of the Kyrgyz Republic, the UNODC Programme Office in the Kyrgyz Republic and the SFIS officers.

During this event, the SFIS employees were awarded with government and departmental awards of the Kyrgyz Republic state bodies.

Despite the fact that I was recently appointed the SFIS Chairman, I can confidently say that the SFIS will continue to take effective measures and will make every effort to combat the financing of terrorist activities and legalization of criminal proceeds (money laundering).

In concluding, I would like to note that despite the continuing impact of COVID-19 on internal and external processes in Kyrgyzstan, the SFIS constantly analyzes the emerging situation with ML/TF risks, develops and takes both primary measures to respond to new threats and vulnerabilities and follow-up measures aimed at reducing ML/TF risks and ensuring the sustainable functioning of AML/CFT regimes in general, will follow international AML/CFT standards, paying special attention to the development and improvement of the national AML/CFT system and will continue to work on the elimination of remaining deficiencies in this system.

I remain convinced that we will continue to develop interaction and mutually beneficial cooperation within the EAG.



Russian Federation

YURY CHIKHANCHIN

EAG Chairman, Director of the Federal Financial Monitoring Service



Dear delegates of EAG Member States!

First, I would like to thank you and the EAG Secretariat for the fruitful work throughout the year. Despite its unprecedented nature due to the COVID-19 pandemic, the EAG as an integral part of the FATF global network has managed to demonstrate its ability to address the challenges of anti-money laundering and counter-terrorist financing (AML/CFT) set by the international community with high efficiency, even remotely.

Two plenary meetings, consultations with Member States on technical assistance and preparation for mutual evaluations, and numerous workshops and trainings were held in the videoconferencing mode with the active support of ITMCFM. The work on typology projects also continued.

Given the severe sanitary and epidemiological situation in the world, the Russian Federation is taking the necessary set of measures to combat the spread of the coronavirus infection. The national anti-money laundering system contributes to this work through identifying and reducing ML/TF risks. A system of monitoring risks related to COVID-19 has been established. One of such risks is fundraising campaigns for the benefit of fake charitable organizations. Its mitigation requires regular monitoring of data received from open information sources and the Internet, in particular, advertisements for the coronavirus-related charitable assistance in order to identify individuals using fundraising for fraudulent purposes.

Besides that, we note the closer interagency cooperation with law enforcement agencies aimed at a timely response to complaints and statements of individuals and legal entities about possible new types of financial crimes.

As part of efforts to mitigate the risks of unscrupulous individuals using payments under various medical contracts, relevant transactions are effectively monitored. This allows law enforcement agencies to receive information about criminal schemes involving the transfer and encashment of funds under the façade of trade in medical devices and personal protective equipment.

In the current situation, remote control over the activities of supervised organizations for compliance with the mandatory requirements of AML/CFT laws and communication of information about the risks of violation of the law using the capabilities of the Personal Account of the supervised organization, access to which is available on the official website of the Service.

I am confident that the valuable experience gained in this difficult time in combating financial crime, including through close cooperation between the EAG member states and observers, will allow us to continue to respond adequately to new risks and threats in order to ensure regional security.



Republic of Tajikistan

TAKHMINA SALIMOVA

Acting Director of the Financial Monitoring Department under the National Bank of Tajikistan



Dear colleagues,

First of all, I would like to express my gratitude to the EAG Secretariat for its fruitful cooperation and assistance in the development of the national system for combating money laundering, financing of terrorism, and financing of proliferation of weapons of mass destruction of the Republic of Tajikistan.

The membership of the Republic of Tajikistan in the EAG contributed to the creation of a sustainable national AML/CFT/PF system, which is reflected in the implementation of international standards in the legislative system of the Republic of Tajikistan. The legal framework and legislation have been improved, awareness has been raised among government officials and the private sector, international cooperation mechanisms have been established, and several other initiatives have been taken.

The Financial Monitoring Department under the National Bank of Tajikistan has a highly valued relationship with the EAG, proof of which is the long-term fruitful cooperation, as well as successfully implemented projects in the field of AML/CFT/PF system development.

Taking into account the importance of coordination of technical assistance for AML/CFT/PF system efficiency

within the framework of the second round of mutual evaluations, we were glad to support the EAG initiative on coordination of technical assistance and expressed readiness to be a pilot project on its implementation.

We take this opportunity to express our gratitude to the EAG for its assistance in the preparation of the Project Plan for the provision of technical assistance to the Republic of Tajikistan. We would also like to thank our development partners, such as the ADB, IMF, ITMCFM, UNODC,

FSVC, and others for their contribution to the implementation of the activities of this Plan.

We are confident that with joint work with the EAG the national AML/CFT/PF system of the Republic of Tajikistan will develop and reach an appropriate level of effectiveness in professional activities.

In conclusion, we express our gratitude to all employees of the EAG Secretariat and wish them success and achievement of new goals.



Turkmenistan

DOVRAN KHALBAEV

Chairman of the Financial Monitoring Service under the Ministry of Finance and Economy of Turkmenistan



Ladies and Gentlemen!

The most important financial policy of Turkmenistan is the improvement of AML/CFT system. The work carried out both with national reporting entities and within the framework of international cooperation is based on the unified international FATF standards, providing for a combination of financial control, analysis of the situation and criminal prosecution of uncovered acts.

In 2020, Turkmenistan continued to work intensively on improving the AML/CFT legal and regulatory framework, introducing new financial and other tools to prevent and detect possible risks of money laundering and terrorist financing.

During the year, a number of measures were taken to harmonize legislation in accordance with international standards. Thus, the edition of the Law On Counteraction to Money Laundering and Terrorism Financing was revised and renamed as the Law On Counteraction to Money Laundering, Terrorism Financing and the Financing of the Proliferation of Weapons of Mass Destruction and approved with its amendments and additions on March 14, 2020.

Work continued on strengthening the measures taken by the FATF and EAG countries to reduce the risks of money laundering and terrorist financing caused by the COVID-19 pandemic (this topic was also discussed at the 32nd and 33rd EAG Plenary meetings).

Turkmenistan actively engaged in this work, which helped raise awareness among government agencies and the private sector of the latest global trends and emerging risks related to COVID-19. Active steps have been taken for enhancing international cooperation to strengthen national AML/CFT/PF systems.

During 2020, the Financial Monitoring Service of Turkmenistan continued to prepare for the EAG Mutual Evaluation.

In accordance with the decision of the Interagency Commission, the Plan for addressing the deficiencies of the National AML/CFT/PF system, adopted as a result of the NRA (National Risk Assessment) review, was approved.

In the second half of 2020, Turkmenistan began work on the second National AML/CFT/PF Risk Assessment for the period of 2018, 2019 and the first half of 2020. All relevant ministries and agencies and the private sector, which are part of Turkmenistan's AML/CFT/PF system, took an active part in the risk assessment of the country's National System.

An important area of development of the national AML/CFT/PF system is the training and professional development of personnel. In this regard, workshops, trainings, and professional development programs were organized for the benefit of the national anti-money laundering systems. Most of the training was conducted with the participation of international AML/CFT/PF experts in the mode of online meetings and conferences. Thus, with the assistance of the Government of Turkmenistan, the OSCE in Ashgabat, the UNODC, FATF, Egmont Group, Interpol, The EAG and

the ITMCFM and other international organizations, over 38 training seminars and meetings were held to prepare representatives of relevant ministries, agencies, national military and law enforcement agencies, as well as the private sector for mutual evaluation and professional development. This is reflected in the strengthening of efforts to counter and prevent crimes with a high degree of ML/TF threat.

I would like to thank the Federal Financial Monitoring Service of the Russian Federation (Rosfinmonitoring), the EAG Secretariat and the International Training and Methodology Centre for Financial Monitoring (ITMCFM) for excellent organization as well as technical assistance in various activities that contribute to the training of highly qualified personnel.

Besides that, I would like to express my deep appreciation to the The Department of Financial Monitoring of the State Control Committee of the Republic of Belarus in preparing regulatory legal acts.

Specialists of Turkmenistan actively participated in the EAG Working Groups and Plenary meetings. The Financial Monitoring Service of Turkmenistan actively interacted with the EAG Member States and took all necessary measures to ensure financial and other security in the region.

In conclusion, let me sincerely wish all EAG Member States great success, unflagging energy and new projects that contribute to economic and financial security and stability in the region and around the world!



Republic of Uzbekistan

DILSHOD RAKHIMOV

Head of the Department for Combating Economic Crimes under the General Prosecutor's Office of the Republic of Uzbekistan



Dear colleagues,

2020 was a challenging year due to the difficult epidemiological situation around the world and restrictive measures taken in this connection.

Along with other countries, the Republic of Uzbekistan has also taken a number of unprecedented measures to mitigate the effects of the COVID-19 pandemic, and specifically by allocating huge amounts of money for combating the coronavirus and supporting entrepreneurship and vulnerable population.

The need to mitigate new challenges and threats to the successful implementation of state programs in this area led to such important priorities of the Department for Combating Economic Crimes under the General Prosecutor's Office of the Republic of Uzbekistan as the fight against corruption and embezzlement of budget funds, as well as combating artificial overpricing of food and socially important goods, which have yielded some results.

Measures aimed at improving the Republic's anti-money laundering system and strengthening international cooperation in this area remained one of the Department's key priorities.

Particularly, in the past period:

- the Law On Payments and Payment Systems was adopted, defining the payment systems operating in the territory of the Republic as the subjects of the AML/CFT/PF system;

- persons engaged in circulation of crypto-assets were included in the basic AML/CFT law as the subjects of the AML/CFT/PF system;
- the laws On Banks and Banking Activities and On the Central Bank of the Republic of Uzbekistan aimed at improving the banking sphere activities, including the AML/CFT/PF issues, were adopted in the new edition.

Amendments were also made to the existing bylaws regulating the AML/CFT/PF sphere and the Resolution of the Plenum of the Supreme Court of the Republic of Uzbekistan on amendments and additions to the existing Plenums on the judicial practice in cases of money laundering involving virtual assets was adopted.

In order to further improve the national AML/CFT/PF system, the Department developed and submitted to the Parliament of the Republic a draft law On Amendments and Additions to Some Legislative Acts of the Republic of Uzbekistan, which provides for amendments to 12 laws.

Based on the outcomes of the national ML/TF risk assessment (NRA) conducted in 2019, the President's draft decision to approve the National AML/CFT/PF System Strategy has been developed by the Department and is undergoing internal finalization and approval.

This document will determine the further state policy in this area, as well as measures for its implementation.

Based on the NRA outcomes, relevant ministries and departments of the Republic conducted a sectoral

assessment of ML/TF risks, and a number of measures were taken to introduce a risk-oriented approach in supervisory activities.

Considering the need to comply with international standards in the AML/CFT/PF sphere, comprehensive measures were taken during 2020 aimed at preparing for the assessment of the national AML/CFT/PF system of the Republic of Uzbekistan in the second round of the EAG mutual evaluations.

In particular, as part of the work of the Interagency AML/CFT/PF Commission, an Action Plan (Road Map) for organizing the assessment process in 2020-2021 was approved, which defines specific activities, mechanisms for their implementation and deadlines, and assigns tasks to each ministry and agency involved.

For the period of preparation and assessment, each government agency established working groups aimed at preparing the relevant sectors for the assessment and demonstrating their performance efficiency at both the departmental and interagency levels.

In order to coordinate the activities of state bodies in this area, a permanent Interagency Headquarters was established at the premises of the General Prosecutor's Office of the Republic of Uzbekistan.

A number of workshops and trainings were held with the assistance of international organizations in order to improve the skills of employees of ministries and agencies involved in AML/CFT/PF, as well as organizations involved in transactions in cash or other assets.

In this regard, we would like to thank the EAG Secretariat, ITMCFM, International Network AML/CFT Institute, representatives of the OSCE offices, UNODC and the World Bank, as well as other international organizations and partner States for the fruitful and constructive cooperation in this area.

However, along with the work we have done, there are still a number of issues that require a concerted effort to address.

I would like to take this opportunity to wish all our colleagues and friends good health, prosperity and success in their professional activities, and to wish our Eurasian Group a better image and greater prestige in the international arena.

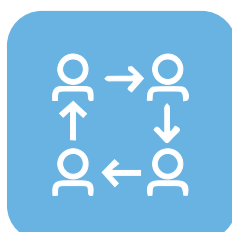
EAG OBSERVERS

THE EAG IS COMPOSED



15 STATES

Afghanistan
Armenia
France
Iran
Italy
Korea
Lithuania
Moldova
Mongolia
Montenegro
Poland
Serbia
Turkey
Ukraine
USA



23 INTERNATIONAL AND REGIONAL ORGANIZATIONS

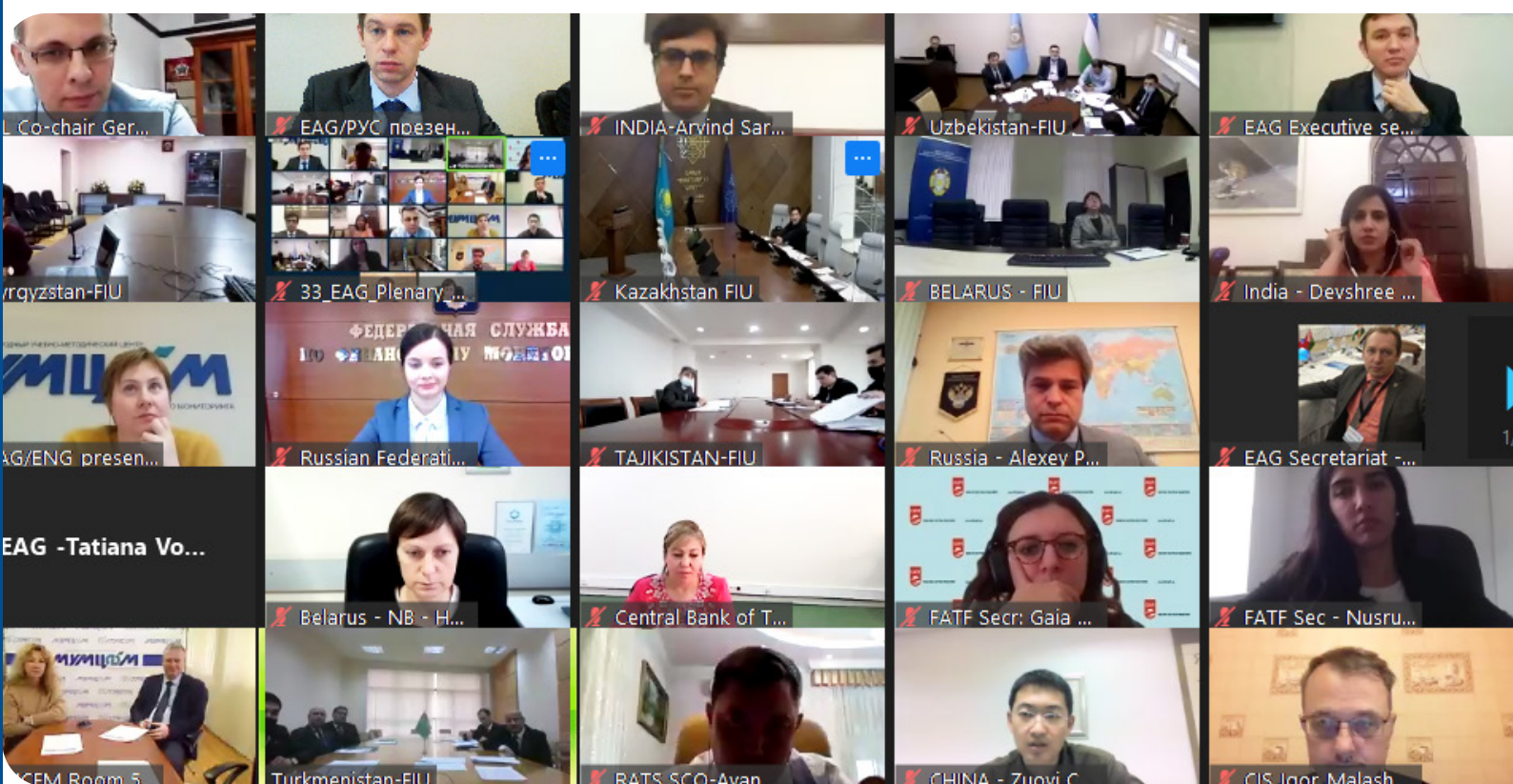
Asian Development Bank (ADB)
Asia-Pacific Group on Money Laundering (APG)
Bureau for the Coordination of the Fight against Organized Crime
Central Asian Regional Information and Coordination Centre for Combating Illicit Trafficking in Narcotic Drugs
Psychotropic Substances and Their Precursors (CARICC)
CIS Anti-Terrorism Centre (CIS ATC)
Commonwealth of Independent States (CIS) Executive Committee
Council of Europe Committee of Experts (MONEYVAL)
Collective Security Treaty Organization (CSTO)
Egmont Group
Eurasian Development Bank (EDB)
European Bank for Reconstruction and Development (EBRD)
Eurasian Economic Commission (EEC)
Financial Action Task Force (FATF)
Interpol
International Monetary Fund (IMF)
Middle East & North Africa Financial Action Task Force (MENAFATF)
New Development Bank
Organization for Security and Cooperation in Europe (OSCE)
Shanghai Cooperation Organization (SCO)
UN Counter-Terrorism Executive Directorate (UNCTED)
United Nations Analytical Support and Sanctions Monitoring Team (1267)
United Nations Office on Drugs and Crime (UNODC)
World Bank (WB)



Outcomes of the EAG Plenary Meetings in 2020

► 32nd Plenary Meeting

► 33rd Plenary Meeting



The coronavirus pandemic made significant adjustments to the work of the EAG Plenary, including the decision to cancel the joint FATF/EAG Plenary meeting under the Chinese FATF Presidency. Nevertheless, the EAG, as an integral part of the FATF global network, bears special responsibility for ensuring financial security in the Eurasian region. In this regard and in view of the need to discuss and make decisions on urgent issues of the Eurasian Group activity, it was decided to continue work in a virtual format.

32ND PLENARY MEETING

A special 32nd EAG Plenary meeting was held remotely on June 19, 2020. It was attended by delegations of the EAG Member States, observers, as well as the then FATF President Mr. Xiangming Liu (People's Republic of China), who addressed the Plenary with a welcome speech. The Plenary meeting was chaired by the EAG Chairman Mr. Yury Chikhanchin (Russian Federation) and the EAG Deputy Chairman Mr. Farhod Bilolov (Republic of Tajikistan).

In response to the global COVID-19 pandemic, most EAG Member States have taken unprecedented measures to curb the spread of the virus, including isolation at the national level, making on-site missions and face-to-face meetings impossible. This situation makes it very difficult to conduct EAG mutual evaluations and prepare follow-up reports. In this regard, the EAG Plenary meeting decided to suspend mutual evaluations and follow-up reports of the 2nd round of EAG Mutual Evaluations.

The EAG Member States presented their experience in applying measures to mitigate ML/TF risks caused by the COVID-19 pandemic.

As part of a large-scale project on Regional ML/TF Risk Assessment in the Eurasian region, the Plenary approved its methodology and information collection methods.

Delegations voted to reinstate Germany's status as an EAG observer.

33RD PLENARY MEETING

The 33rd EAG Plenary and working group meetings were held remotely on 9-12 and 19-20 November 2020. Delegations of the EAG Member States and observers took part in these meetings. The Plenary was chaired by the EAG Chairman Mr. Yuriy Chikhanchin (Russian Federation) and the EAG Deputy Chairman Mr. Farhod Bilolov (Republic of Tajikistan).

The Plenary heard information from the Member States on the results of measures aimed at mitigating ML/TF risks caused by the COVID-19 pandemic.

The EAG Member States reaffirmed their intention to expand cooperation with the private sector and approved basic policies and practices of the International Compliance Council.

By the Plenary decision, the EAG evaluation cycle remains suspended and a reasonable flexibility for its resumption in accordance with the FATF Comprehensive Principles can be applied.

The concept note on amendments to the EAG statutory and governing documents was approved.





The Plenary agreed on the concept of the EAG Guidelines for Conducting Financial ML/TF Investigations, as well as on the long-term project for optimization of previous typologies research. The Plenary approved the concept note on establishing the EAG expert pool, the maintenance of which should facilitate effective and timely selection of the most qualified candidates for short-term and urgent AML/CFT projects.

/3

National AML/CFT System Assessments and Monitoring Procedures

Due to the global COVID-19 pandemic, most countries have taken a series of restrictive measures that have made it impossible to conduct on-site missions, which are a fundamental step in any mutual evaluation. The Eurasian region was no exception. Besides that, interagency coordination and collaboration at the national level for some EAG Member States have been impeded, making it difficult to conduct mutual evaluations and prepare follow-up reports.

In this regard, the decision of the 32nd Plenary meeting postponed mutual evaluations of Turkmenistan and Uzbekistan for one plenary cycle, as well as the EAG follow-up procedures.

In October 2020, the FATF adopted the Comprehensive Principles of Conducting Mutual Evaluations amid the COVID-19 Pandemic, which allow for continued mutual evaluation and follow-up procedures while maintaining the high quality of the work performed. These Comprehensive Principles complemented the 2nd round of the EAG Mutual Evaluation Procedures and were approved by the 33rd Plenary meeting.

In particular, Member States and the EAG Secretariat should make efforts to ensure the continuity of evaluation and follow-up processes in today's challenging environment in accordance with the Comprehensive Principles of Conducting Mutual Evaluations amid the COVID-19 Pandemic, namely:



wherever possible, an on-site mission should be conducted with the assessment team physically present in the country being assessed. The decision to postpone the on-site mission should be based on objective factors and cannot be made for the purpose of deliberately delaying the EAG evaluation cycle;



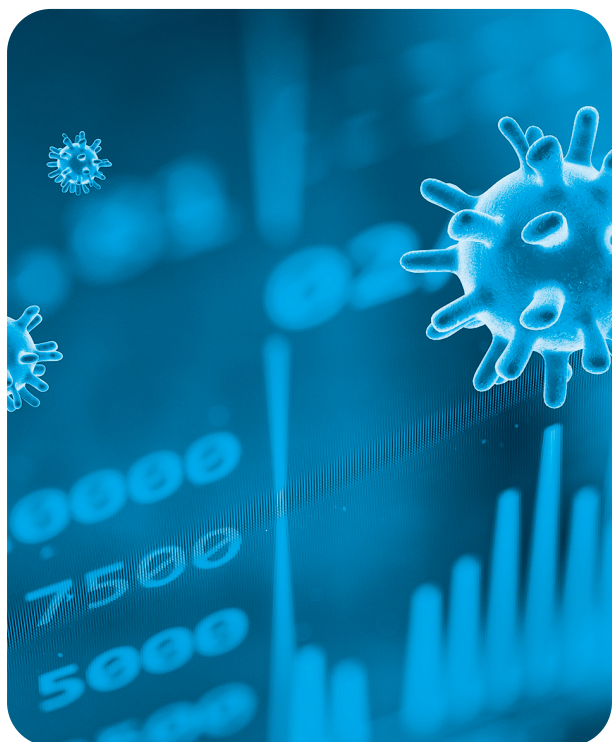
the conduct of the on-site mission must not endanger the health and safety of competent authorities of the assessed country, the assessors or the EAG Secretariat;



in exceptional cases, the on-site mission may have a hybrid form. In this case, the important criterion is to ensure the quality and compliance of the on-site mission with the Procedures of the 2nd round of the EAG mutual evaluations;



the manner in which the on-site mission is conducted must not affect the final quality of the mutual evaluation report.



Nevertheless, the situation with COVID-19 in the Eurasian region throughout 2020 remained rather complicated, with restrictive measures, including quarantine measures and a ban on crossing state borders, imposed in a number of Member States.

In view of the above, the 33rd Plenary meeting decided to extend the suspension of the evaluation cycle with a flexible approach for resuming the process of the EAG mutual evaluations and follow-up. At the same time, noting that the evaluation cycle suspension is an exceptional measure and the decision on each specific country should be made individually.



Technical Assistance

▶ Republic of Tajikistan

▶ Republic of Kazakhstan

▶ ITMCFM Activities

AS OF 2019,

the Eurasian Group has a new approach to providing technical assistance that is based on identifying TA needs based on objective information sources, interlinking with the progress monitoring in addressing the deficiencies identified during the ME, and assessing the efficiency of TA provided by the donors.

IN 2020,

the implementation of the Project Plan for providing TA to the Republic of Tajikistan continued, and the work was initiated with the Republic of Kazakhstan on preparing for the mutual evaluation and mitigating ML/TF risks stemming from the coronavirus pandemic.

IN ORDER TO IMPROVE THE QUALITY OF TA PROVISION, THE CONCEPT OF A UNIFIED PROFILE POOL OF THE EURASIAN REGION EXPERTS WAS DEVELOPED AND APPROVED.

THE ITMCFM AND EAG OBSERVERS – ADB, IMF, OSCE, AND UNODC – TOOK AN ACTIVE PART IN EAG PROJECTS AND ACTIVITIES ON PROVIDING TA.

REPUBLIC OF TAJIKISTAN

In 2020, coordination of TA rendered by donors and providers continued in accordance with the Project Plan for Providing TA to Tajikistan (hereinafter referred to as TA Plan), which was approved at the end of 2019 at the 31st Plenary meeting. However, it should be noted that due to the COVID-19 pandemic, much of the Project Plan activities have been postponed until 2022.

Nevertheless, the Secretariat, as the TA coordinating center, constantly interacted with the most active donors and providers in order to implement the key phases of the project.

In February 2020, a meeting of donors was held, which resulted in the identification of priority activities for the country. It is worth noting that during the meeting, some of the activities were distributed among the participants and appeals to future donors and providers were prepared. The Secretariat received responses to its appeal from Interpol and the UNOCT. Subsequently, the work on determining TA areas and interaction modalities was carried out with these organizations, which resulted in the identification of TA activities that have become waymarks for "new" donors.

In March-April 2020, measures were taken to update the TA Plan information, in particular, individual plans were developed for each donor



in order to easily update the information and determine the final TA recipient for each of the activities, and the Project Plan itself was updated to include the new data.

In September 2020, at the request of the Tajikistan FIU, the Secretariat assisted in the selection of donors and providers in the area of parallel financial investigations conducted by competent authorities. As a result, an expert with relevant experience was found and, with the donor support from ITMCFM, continues to work with the responsible representatives of the country.

In November-December 2020, the Secretariat held online meetings with donors and providers involved in the Project Plan. As a result, a draft letter to the authorities was agreed with

Interpol and parameters of a workshop for competent authorities and NPOs to be held in Tajikistan in early 2021 – with the UNOCT.

At Tajikistan's request, the private part of the EAG website now includes a section containing all the project-related working documents that are currently available.



REPUBLIC OF KAZAKHSTAN

In 2020, at the request of the Astana International Financial Center to provide TA in analyzing its regulatory framework for compliance with the FATF Standards, the EAG Secretariat sought assistance from a number of donors (EAG observer organizations). An agreement was reached with ADB to allocate funds to pay for the services of a private consulting company, which was recommended by the EAG Secretariat. A contract was signed in November 2020.

In response to the Kazakhstan FIU's request, the EAG Secretariat began

coordinating TA in preparing for the mutual evaluation. A plan was agreed including specific activities of such assistance. In May, a videoconferencing working meeting was held on exchanging experiences in establishing working groups for preparing for the mutual evaluation, which was attended by representatives of the EAG Member States that underwent the 2nd round of mutual evaluations – the Republic of Belarus, the Kyrgyz Republic, the Russian Federation, and the Republic of Tajikistan.

Concurrently, in July-September 2020, the EAG Secretariat reviewed Kazakhstan's responses to the questionnaires on the outcomes of activities aimed at mitigating ML/TF risks caused by the spread of the coronavirus infection, as well as information on TA needs. Based on the results of the analysis of TA

needs, the EAG Secretariat asked the Russian Federation to consider providing such TA. Relevant activities have been included in the 2021 Work Plan of ITMCFM. The EAG Secretariat elaborated recommendations to donors and providers, which were discussed at the 33rd Plenary meeting.

In September 2020, the Secretariat conducted a review of risk assessment practices in the NPO sector.

ITMCFM ACTIVITIES

Within the Memorandum of Understanding and Cooperation framework, ITMCFM provides technical assistance to the EAG Member States. In particular, the 6th International EAG/ITMCFM Forum on the Functioning of the AML/CFT System in the Challenging Epidemiological Situation and Consultations with the private sector was arranged.

In 2020, bilateral meetings, professional development events for professors of the International Network AML/CFT Institute, training workshops, and round tables were held using the VCS, including:

- Current changes in the legal regulation of digital assets at the international level and in national jurisdictions aimed at improving efficiency of national AML/CFT systems;
- Experience in developing a reporting entity's personal account module on the official website of the financial intelligence unit;
- Processing and analysis of data coming from reporting entities: foreign experience and best practices, round table "Getting an insight into practical experience (best practices) of processing and analysis of data coming from reporting entities";
- Strategic analysis methods, techniques and tools – foreign experience and best practices;
- Organizing and conducting AML/CFT typologies research by FIUs and communicating the outcomes to reporting entities – foreign experience and best practices;
- Search for information using open sources and information resources;
- Legal regulation and best practices for identifying beneficial owners. Beneficial ownership registries and practices of their use. Other issues of beneficial ownership;
- Special aspects and best practices of international cooperation in the AML/CFT sphere in accordance with FATF Recommendation 40 (forms of international cooperation in the AML/CFT sphere);
- Practical issues of organizing and conducting National Risk Assessment. Problems and solutions;
- Using the Transparent Blockchain service;
- Special aspects of detecting and investigating predicate economic crimes to money laundering related to the use of intellectual property – international experience and best practices;

- AML/CFT as a safeguard against global and national security threats: synthesis of law, economy and IT;
- Approaches of international organizations and national jurisdictions to the legalization of digital assets aimed at improving efficiency of national AML/CFT systems;
- A workshop as part of a training course for FIUs, law enforcement, prosecutor, investigative and judicial agencies involved in the national AML/CFT system on international experience in identifying, seizing, confiscating and selling illegally obtained property, instrumentalities of crime and assets of corresponding value;
- Specifics of detection and investigation of crimes involving digital assets, etc.

/5

Typologies and Combating Financing of Terrorism and Crime: Projects, Typologies and Events



One of the substantive elements of the EAG activity involves research of typologies (common methods) of money laundering and terrorist financing that are typical in the Eurasian Region. The results of typology studies enable to identify areas and sectors featured by the highest risks, and develop an effective risk management methodology. The topics of typology studies having a top priority for the region are determined by the members of the Working Group on Typologies and Countering the Financing of Terrorism and Crime. The Eurasian Group disseminates the findings of its typology studies to the law enforcement and supervisory authorities and the private sector institutions. Apart from the research activities, the EAG also holds typology workshops, regional forums, trainings and joint typology events in cooperation with the FATF and other FSRBs.



In 2020, the EAG Secretariat had to cancel a number of typology events due to the outbreak of the COVID-19 pandemic and reschedule them for 2021. In particular, the Eurasian Forum on AML/CFT, the Joint FATF/EAG Expert Meeting and the Joint EAG/CIS ATC Workshop on Combating Terrorist Financing were postponed until the second half of 2021.

Nevertheless, the EAG Secretariat staff took part in the virtual FATF's Joint Experts meeting and informed the members of the FATF Global Network about the EAG projects and studies as well as about measures taken in the context of the COVID-19 pandemic.

AML/CFT RISK ASSESSMENT IN EURASIAN REGION

One of the EAG objectives is to conduct ongoing monitoring of money laundering and terrorist financing risks emerging in the Eurasian Region and to provide assistance to the EAG Member States in developing appropriate measures for mitigating the identified risks.

One of the EAG objectives is to conduct ongoing monitoring of money laundering and terrorist financing risks emerging in the Eurasian Region and to provide assistance to the EAG Member States in developing appropriate measures for mitigating the identified risks.

In this context, the Regional Risk Assessment project was launched in 2019 with the aim to identify supranational risks, i.e. risks inherent in several EAG countries due to certain circumstances (such as geographic location, etc.) and risks related to involvement of several regional countries in money laundering or terrorist financing schemes (cross-border risks).

In February 2020, the Project Team composed of the representatives of the EAG Member States, the EAG observer country (Armenia) and the EAG Secretariat was established. The Russian Federation, represented by the Federal Financial Monitoring Service, was appointed the Project leader.

The Project Team developed the Methodology and Questionnaires which were approved by the 32nd EAG Plenary. The Methodology provides to the use of a comprehensive risk-based approach where the Eurasian Region is divided into 4 sub-regions: EAEU sub-region, Eastern Europe sub-region, Central Asia and Russian Federation sub-region, and China and India sub-region.

The regional risk assessment will be conducted in two rounds. At present, the first round is underway, which is focused on assessment of the observed ML/TF mechanisms (methods).

In June 2020, the questionnaires were disseminated to the EAG Member States and observers, and the responses were received by the EAG Secretariat. Based on the received responses and other available information, the Project Team drafted the interim findings on two sub-regions, which were presented for consideration by the Working Group on Typologies and Countering the Financing of Terrorism and Crime during the 33rd EAG Plenary Week.

The work to collect further information from the EAG Member States and observers and other members of the FATF Global Network is ongoing. The final Report and the Action Plan for mitigating the identified regional risks are expected to be approved by the 35th EAG Plenary in November 2021.

TYOLOGIES OF THE USE OF PREVENTIVE MEASURES BY FINANCIAL INSTITUTIONS FOR CRIME DETECTION AND RISK ASSESSMENT

In 2020, the Russian Federation proposed to conduct a typology study: Typologies of the Use of Preventive Measures by Financial Institutions for Crime Identification and Risk Assessment.

This Project is aimed at provision and use of the relevant information by the supervisory authorities and financial institutions of the EAG Member States.

The Project leader (Russian Federation) suggested to extend this study by adding information on specificities of applying preventive measures and reporting suspicious transactions by financial institutions in the context of COVID-19 outbreak and current epidemiological situation, and to call on countries to more actively contribute to this study.

In view of the ongoing impact of the COVID-19 pandemic, it was decided to postpone presentation of the final Report on the outcomes of this typology study until the 34th EAG Plenary in May 2021.

OPTIMIZATION OF TYPOLOGY STUDIES

Since the establishment of the EAG Working Group on Typologies and Countering the Financing of Terrorism and Crime, over forty (40) typology studies have been conducted.



In 2020, the Secretariat reviewed the reports related to the completed typology studies. The review has shown that a considerable portion of these reports are gradually becoming less relevant as ML/TF methods and schemes change and new approaches and modern IT solutions are more frequently used by criminals.

The results of this review have also shown that information contained in the reports adopted over 5 years ago is largely obsolete and unfit for use at present time. Besides that, it has been established that a large volume of information is contained in several different reports related to the similar topics, which makes it more difficult for end users to swiftly retrieve and promptly use this information in their practical work.

The Eurasian Group on Combating Money Laundering and Financing of Terrorism was one of the first among the FSRBs to start the review and consolidation of the completed typology studies. The EAG Secretariat has suggested to divide the existing typology reports into three categories: reports on similar topics that need consolidation into one document; reports that need updates; and reports that need no changes.

Based on the outcomes of these optimization efforts, it is proposed to produce a compilation of the EAG typology studies in hard copy or in electronic format and disseminate it to the relevant government authorities of the EAG Member States.

The decision to optimize the typology reports was adopted by the 33rd EAG Plenary. This project is a long-term one and is expected to be completed approximately in 2025.

EAG AML/CFT FINANCIAL INVESTIGATION GUIDANCE

One of the goals of the FATF Recommendations is to explore financial aspects of criminal activities and to identify illegal financial activities.



Financial investigations are commonly recognized as one of the key elements of the FATF Recommendations related to law enforcement agencies, operational issues and cooperation with FIUs. In 2012, the FATF published the Financial Investigations Guidance: Operational

Issues. This generic document contains the basic provisions describing the goals, objectives and mechanisms of financial investigations.

However, the law enforcement practice and mutual evaluations have shown that financial investigation conducted in the EAG Member States are featured by a number of specificities due to the legal doctrines in place and the fundamental principles and specificities of the legal systems.

In 2020, the EAG Secretariat put forward a proposal to the Working Group on Typologies and Countering the Financing of Terrorism and Crime to develop the EAG Financial Investigation Guidance, that would not only include the basic provisions of the FATF Guidance, but would also provide additional information to the EAG Member States for potential formalization of the financial investigation procedures in the national legislation and clarify the practical aspects of financial investigation, including specificities of cooperation among financial investigators in the EAG Member States and specific opportunities and existing tools (databases, registers, etc.) that may be used for obtaining financial intelligence.

The Project Concept Note has been supported not only by the EAG Member States, but also by a large number of observers, many of whom (Mongolia, CIS Anti-Terrorism Center, Bureau for Coordination of Fight against Organized Crime and other Serious Crimes, Eurasian Economic Commission, Collective Security Treaty Organization, Regional Anti-Terrorist Structure of Shanghai Cooperation Organization

and Central Asian Regional Information and Coordination Center for Combating Illicit Trafficking of Narcotic Drugs, Psychotropic Substances and their Precursors) wished to join the Project Team.

The Financial Investigation Guidance would enable the EAG Member States to use international experience for further improvement of the national legislation affecting the financial investigation process, enhance financial investigation effectiveness, develop new financial investigation mechanisms, identify new information sources, improve skills of officers of the law enforcement agencies, FIUs and other government authorities and institutions and facilitate international cooperation.

The decision to develop this Guidance was adopted by the 33rd EAG Plenary. It is planned to disseminate the final document to the EAG Member States and make it available to the FATF Secretariat, observers and other FSRBs by posting it in the closed section of the EAG website. The Project is expected to be completed in 2022.

IMPACT OF COVID-19 ON OPERATION OF AML/CFT SYSTEMS OF THE EAG MEMBER STATES

The past year has witnessed unprecedented impact of the COVID-19 pandemic on the global community. National border closures, travel bans, large-scale lockdowns, critical burden on

the public healthcare and social support systems and need for rapid and significant adaptation of economies to a new environment have obviously affected the operation of the national AML/CFT systems.

The EAG Member States are no exception to this.

However, the Eurasian Region countries experienced these effects not simultaneously, which has resulted in different levels of their preparedness for the impact of the pandemic on economy and public relations.

Most EAG Member States, except for China, experienced the impact of the pandemic on the economy a little bit later than other countries, including the European countries. This gave the EAG Member

States some time to analyze the situation, estimate the expected negative impact and develop the initial response measures, which enabled them to adequately respond to changes in the nature of ML/TF threats and vulnerabilities triggered by the pandemic taking into accounts the specificities of the domestic context and developments.

Pursuant to the instruction of the 32nd EAG Plenary, the EAG Secretariat has analyzed, in consultation with the Member States, the AML/CFT situation in the context of the COVID-19 outbreak and the efforts undertaken to mitigate the negative impact on the AML/CFT system as a result of restrictive and other measures imposed for overcoming the effects and consequences of the coronavirus pandemic.

THE MAIN FINDINGS AND CONCLUSIONS OF THE ANALYSIS ARE AS FOLLOWS:

- 01.** New types of ML/TF threats have emerged in the period of pandemic;
- 02.** The negative impact on financial institutions (primarily banks) has increased;
- 03.** The structure of money laundering schemes has not significantly changed at this stage;
- 04.** There are no major changes in the CFT situation, but the existing TF methods, which have not been predominant in the past, may be used more frequently, and the TF-related financial flows may be redirected;
- 05.** The spread of the pandemic has required additional legal regulation in the AML/CFT area and development of specific risk mitigation measures;
- 06.** Introduction of remote coordination and cooperation measures and mechanisms is necessary for proper operation of all AML/CFT stakeholders;
- 07.** The private sector is at the forefront of mitigation of ML/TF risks related to the COVID-19 pandemic;
- 08.** Measure should be taken to maintain the same level of international AML/CFT cooperation.

A due note has been taken of the information discussed at the 33rd EAG Plenary Meeting. The text of the Concept Note has been posted in the open section of the EAG website and is accessible to a wide public.

The COVID-19 pandemic continues to impact the economy and society and, therefore, affects the structure, nature and dynamics of crime until now. In view of this, the EAG Secretariat calls on countries to continue the exchange of relevant information on measures aimed at mitigation of the negative impact of the COVID-19 on national AML/CFT systems.



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