

COLUMN OF THE EAG CHAIRMAN



Dear colleagues,

The EAG efforts to ensure compliance of its Member States' laws with the requirements of the FATF Standards and on enhancing effectiveness of the national AML/CFT systems supports their AML regimes and that of the Eurasian Group in general. The projects under implementation, for instance, risk-based approach in supervision, risk-based supervision over the NPO sector, financial investigations guidance, give a positive impulse on the level of financial security in the region.

The EAG instrumentality is broad and comprehensive. Besides conventional elements of mutual evaluations, it includes typological and research work, expert and methodical support by provision technical assistance in improvement of national AML/CFT systems and their individual sectors, as well as trainings. In turn, our partners provide us information on new AML/CFT threats and risks, best practices responding to them, considering regional specifics.

We actively test new formats of interaction such as the International Compliance Council for dialog with the private sector, International Financial Security Olympiad for schoolchildren and students to establish a human resource foundation, the Forum of Parliamentarians for closer cooperation between the executive and the legislative divisions. Experience and best practices those of the EAG are widely appreciated. Our approaches to technical assistance, outcomes of the Regional Risk Assessment, results of the Olympiad were presented and welcomed with great interest at various fora, including the FATF.

Moving toward its 20th anniversary in 2024, the Eurasian Group remains committed to the closest possible cooperation with the FATF, FSRBs, and development partners. Allow me to extend my gratitude to all of the EAG Member States and observers for supporting our priorities and active involvement in activities of the Group.

May the next year 2023 bring us health and joy!

**EAG Chairman
Yury Chikhanchin**

Results of the 37th EAG Plenary meeting

The meetings of the EAG Working Groups and the 37th Plenary meeting of the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG) were held in hybrid format in Dushanbe (Republic of Tajikistan) on November 21-25, 2022. The meetings were attended by the representatives of the EAG Member States and observers, the FATF Members and Secretariat



The Plenary was chaired by the EAG Chairman Mr. Yury Chikhanchin (Russian Federation) and the EAG Deputy Chairman Mr. Dovran Khalbaev (Turkmenistan).

The welcome address to the Plenary was made by the Deputy Prime Minister of the Republic of Tajikistan Mr. Usmonzoda Usmonali Yunusali.

The Plenary considered the 4th follow-up report of the Kyrgyz Republic with the request to revise technical compliance ratings as part of the 2nd round of the EAG mutual evaluations and noted the progress made by the country in improving its AML/CFT system. It was agreed to upgrade the rating of one of the FATF Recommendations. The next follow-up report will be presented at the 39th EAG Plenary.

The Plenary considered the 1st follow-up report of the Republic of Belarus without technical compliance re-rating under the 2nd round of the EAG mutual evaluations and noted the progress made by country in development of its national AML/CFT system.

The Plenary adopted the EAG Work Plan for 2023.

The Plenary agreed upon the Amendments to the Procedures of the EAG 2nd round of mutual evaluations and the Rules of Procedure for EAG Plenary and Working Group meeting.

The Plenary elected co-chairs for all three working groups for 2022-2024.

The Plenary approved the results of the typology project on the topic: "Laundering of the proceeds from tax and economic crimes", led by the Kyrgyz Republic, as well as the typology project on the topic: "Legalization (laundering)

of the proceeds of cybercrime, as well as financing of terrorism from the said offence, including through the use of electronic money or virtual assets and the infrastructure of their providers", led by the Russian Federation.

The Plenary approved the plan to minimise regional ML/TF risks in the Eurasian region, the concept notes and the commencement of the following typologies projects: under the lead of the Russian Federation, one of the priorities of the Russian Chairmanship in the EAG, the project on "Monitoring the risks of use of virtual currencies for criminal purposes", and under the leadership of the Republic of India, the project on "Laundering of the proceeds from corruption offences and crimes against the interests of public service".

The Plenary approved the timeline of the Projects on development of methodological guidelines on risk assessment and application of risk-based approach in the supervision of NPO - till November 2023, on development of guidelines for sectoral ML/TF risk assessment - till May 2023.

The Plenary approved the Technical Assistance (TA) Plans for the Republic of Uzbekistan and the Republic of Belarus. The Plenary approved the extension of the TA Plan for the Republic of Tajikistan till 2024. The role of the ITMCFM as a leading donor in the implementation of the TA project plans for the EAG Member States was noted.

The Plenary positively noted the results of the Forum of Parliamentarians of the EAG Member States, which was held on 23 November 2022, and approved the final declaration of the participants.

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The Plenary positively noted the outcomes of the second Forum of the Eurasian Group on AML/CFT, which was held in Nur-Sultan (Republic of Kazakhstan) on 19-20 July 2022 for the representatives of law enforcement authorities and financial intelligence units of the EAG Member States. Also took note of the information about the outcomes of the Joint CIS ATC/ITMCFM training and Joint EAG/CIS ATC/ITMCFM/OSCE workshop on combating terrorism financing, held in Bishkek (Kyrgyz Republic) on 9-11 November 2022.

The Plenary approved the Regulation on the EAG Contest among compliance officers of financial institutions from EAG Member States for the best AML/CFT financial analysis and the best example of risk profile. The awarding of the winners and runners-up of the first Eurasian Group Contest among financial institutions took place.

Within the framework of the Plenary the annual Contest for the best cooperation between the competent authorities in

the field of AML/CFT took place. The Republic of Belarus became the winner of the 9th Contest, the laureates were the People's Republic of China and the Republic of Tajikistan.

The Plenary positively noted the outcomes of the Second International Financial Security Olympiad that was held on the initiative of the Russian Federation from May to October 2022. The International Forum on Financial Security "Sirius-2022", which took place on the margins of the Olympiad, included a sectional conference on "Improving financial literacy of population and

protecting citizens from illegal financial market participants" involving representatives of banking supervisors of EAG Member States. An important role of the Government of the Russian Federation, the Ministry of Science and Higher Education of the Russian Federation, the Federal Financial Monitoring Service of the Russian Federation, the Ministry of Education of the Russian Federation, the International Network AML/CFT Institute, the ITMCFM and the EAG Secretariat in preparation and holding of the International Olympiad on Financial Security was noted.

In order to strengthen the expert capacity of the EAG Member States the workshop on the updated FATF Standards and Methodology was conducted within the EAG Plenary week.

The Plenary expressed gratitude to the Republic of Tajikistan for the hospitality and excellent organization of the 37th EAG Plenary and its working groups meetings.

The 38th EAG Plenary meeting will be held in the Republic of Kazakhstan in June 2023.

The Forum of Representatives of the sectoral parliamentary committees of the EAG Member States

The Forum of representatives of the sectoral parliamentary committees of the EAG Member States took place on November 23, 2022, on the margins of the 37th EAG Plenary Meeting



The Forum was organised in line with the initiative to strengthen the EAG high level interaction with the Member States approved by the 36th Plenary in accordance to the EAG Strategy 2019-2023.

The heads and representatives of parliamentary committees on law enforcement and security and financial and international affairs, as well as heads of public law enforcement and supervisory authorities and financial intelligence units attended the Forum.

At the Forum, the parliamentarians shared their experience in developing and enforcing the laws aimed at the implementation of international AML/CFT/CPF standards, as well as in introducing mechanisms to monitor their enforcement.

The participants emphasized the necessity to deepen interaction and cooperation at the level of the parliaments in the area of anti-money laundering and terrorism financing in order to maintain the regional and global security.

Following the outcomes of the Forum, it was considered as valid, and the communication of the parliamentarians

at the EAG Plenary platform was suggested to turn into permanent, as well as it was proposed to publish the presentations and speeches of the participants for reference of concerned international organizations and competent authorities of the EAG Member States.

The Forum participants approved three key thematic areas for future discussions, including the best legislative practices of the EAG Member States in the field of AML/CFT/CPF and the unified approaches to minimization of common risks in the region at the legislative level, as well as share of experience on law enforcement.

Forum adopted its Declaration of the outcomes which reflected the intention of participants to continue work on the implementation of international standards on AML/CFT/CPF at the legislative level. The Declaration is to be shortly issued to the FATF President along with the invitation to the Member States of FATF and other FSRBs to join the Forum in order to strengthen communication and experience sharing.

Declaration of the outcomes of the Forum of representatives of sectoral parliamentary committees of EAG Member States

A Forum of parliamentarians of the EAG Member States took place in Dushanbe (Republic of Tajikistan) on November 23, 2022, on the margins of the 37th Plenary Meeting of the Eurasian Group on Combating Money Laundering and Financing of Terrorism (EAG). The heads and representatives of relevant parliamentary committees, and law enforcement and supervisory agencies as well as financial intelligence units took part in the Forum.

The participants of the Forum stressed an obvious need to preserve non-political and technical nature of coordinated measures against money laundering, terrorism financing and proliferation financing threats to global and regional integrity of the international financial system, considering its trans-border nature, as the only possible effective mechanism of international cooperation, and the EAG as an important platform for such cooperation.

The parliamentarians emphasized their commitment to improve national legislation of their countries for effective implementation of the requirements of international standards to combat money laundering, financing of terrorism and proliferation financing.

The participants ascertained the important role of legislative authorities in regulation of social and legal relations and underlined their intention to strengthen the national AML/CFT/PF systems through development and approval of the key legislative acts.

For further cooperation and exchange of experience and best practices in implementing national strategies and adopting legislative acts on combating AML/CFT/PF, the participants of the Forum supported the initiative to continue joint activities in a similar multilateral format on a regular basis.

The 63rd Plenary meeting of MONEYVAL

The EAG Secretariat participated in the 63rd plenary session of the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) from 16 to 20 May 2022, which took place in a hybrid format. Most member states and observers took part in person in Strasbourg, France



The Director of Information Society and Action against Crime of the Council of Europe Mr Jan Kleijssen opened the meeting.

The main items on the agenda were discussions on the results of the mutual evaluation of Bulgaria and Liechtenstein, as well as follow-up reports of Albania, Hungary, Slovenia and Moldova. As a result, the Plenary approved the reports.

Among other issues the MONEYVAL Secretariat presented the comparative ratings analysis of mutual evaluations and horizontal analysis on supervision in the context of IO10 and 11. Also the Council of Europe Economic Crime and Cooperation Division presented information on technical cooperation projects and initiatives in the field of AML/CFT.

The Co-Chair of the Global Network Coordination Group of the FATF Mr Giles Thomson addressed the Plenary meeting and outlined the Strategic Vision for the Global Network, which was subsequently endorsed by MONEYVAL. The EAG Secretariat noted the importance of collaboration between the FSRBs to ensure consistency in the understanding and implementation of the FATF Recommendations by countries across the Global Network.

The 35th MENAFATF Plenary Meeting

The 35th MENAFATF Plenary meeting was held on November 24-25, 2022 in Rabat, Kingdom of Morocco in a hybrid format.

The meeting was chaired by Dr. Jawhar Al-Nafisi, MENAFATF president, and chairman of the Moroccan FIU. From 2023, the presidency of MENAFATF will pass to the Islamic Republic of Mauritania, and the representative of the Republic of Yemen will become Vice-President

During the Plenary meeting changes in the Procedures for MENAFATF mutual evaluation and progress monitoring were discussed, the launch of a new typological project on research of ML/TF practices using legal persons and legal arrangements, plans for training activities and technical assistance projects were approved.

On the sidelines of the Plenary the Forum of experts on countering the financing of terrorism (CFT) was held. The experts exchanged views on the best practices of CFT, discussed the risks, methods, trends and challenges posed by TF, and outlined the importance of conducting parallel financial investigations to timely block access to illicit financial flows.

The Plenary was preceded by the meetings of the MENAFATF Working Groups, including the Mutual Evaluations Working Group, the Technical Assistance and Typologies Working Group, as well as the MENAFATF Member States Financial Intelligence Units Forum and the Risk Committee meeting. The Plenary listened to the reports of the working groups.

The 36th MENAFATF Plenary will be held in the second half of 2023 in Manama, Kingdom of Bahrain.



Training course on the FATF Standards

On June 20 – 30, 2022 the FATF Training Institute together with the EAG Secretariat conducted a training course on the FATF Standards for the EAG Member States. This event took place in the online format and brought together AML/CFT practitioners from the Republic of Belarus, the People's Republic of China, the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan, Turkmenistan and the Republic of Uzbekistan.

The training course included theoretical information and practical exercises. The participants were able to demonstrate not only their expert knowledge, but also good teamwork in multidisciplinary and multinational teams.



Eurasian Group Forum on AML/CFT

From 19th till 20th July 2022 in Nur-Sultan city of Kazakhstan, the 2nd Forum of Eurasian Group on AML/CFT was held for representatives of law enforcement bodies and financial intelligence units of the EAG Member States



The Forum was organized by the EAG Secretariat, the Agency of the Republic of Kazakhstan on financial monitoring, and the International Training and Methodical Center of Financial Monitoring (ITMCFM, Russia) and was held in a hybrid format.

The subject for discussion at the Forum was ensuring of effective revealing, investigation and judicial consideration of criminal cases on laundering (legalization) of criminal proceeds (ML).

The EAG Chairman - Director of Rosfinmonitoring Yuri Chikhanchin, Chairman of the Agency for Financial Monitoring of the Republic of Kazakhstan Zhanat Elimanov and EAG Executive Secretary Sergey Teterukov addressed the participants of the Forum with welcome speeches.

More than 100 people took part in the Forum. 25 speakers made reports and made presentations, among them were FATF Secretariat representatives John Carlson and Dmitry Putyatin, international expert Igor Krzeczkovskis, Brigadier General of the Italian Guardia di Finanza Maurizio Muscara, representative of Swedish prosecutor's office Jan

Tibbling, representatives of FIUs, law enforcement authorities and judicial authorities of EAG Member States and Observers.

The Forum showed that the detailed analysis of all aspects of detection, investigation and adjudication of ML offences, both practical and theoretical, remains relevant in the EAG Member States.

Within the sessions of the Forum, the participants shared their experiences and exchanged views on the issues of regulation of financial investigations, national and international cooperation, peculiarities of detection, investigation and adjudication of ML cases on various types of predicate offences.

Heads of delegations of the EAG Member States on 21 July 2022 also held the meeting in a narrow format, discussing in the context of the Forum topic the results of the regional ML/TF risk assessment and possible measures to minimise them, issues of sharing experience on strengthening knowledge and skills of the national AML/CFT systems participants on the example of training and methodological centres, as well as the need

for a uniform EAG Member States feedback form on ML/TF enquiries.

As a result of the meeting, the heads of delegations of the EAG Member states have noted the holding of the EAG AML/CFT Forum and its results as an essential contribution to further strengthening the national AML/CFT/CPF systems and increasing the export potential of the national experts, and also have underlined usefulness and further necessity of carrying out the targeted activities for the participants of national AML/CFT/CPF systems within the framework of the EAG typological projects being carried out in EAG.

The high level of organising and conducting of the Forum was also noted by its participants.

The EAG Secretariat expresses its gratitude to all participants of the Forum and speakers for active participation and informative discussion, as well as to the Agency of the Republic of Kazakhstan on Financial Monitoring and ITMCFM for assistance in organisation and holding of the Forum.

The next Forum is planned to be held in 2023.

Protecting non-profit organisations from terrorist financing abuse and implementation of FATF Recommendation 8

Protecting the NPO sector from abuse for the purposes of terrorist financing is a key component of an effective CFT system. In this regard, on September 26-28, 2022 in Bishkek (Kyrgyzstan) two advanced training seminars on protecting NPOs from terrorist financing risks and implementation of the FATF Recommendation 8 were held



The main objective of these seminars is to support the Kyrgyz Republic in strengthening its capacity to identify, prevent and combat terrorist financing and to introduce effective national strategies in this area. The event marked the completion of activities that had started in April and continued during the training and advisory missions that took place in Bishkek from 9 to 17 July 2022.

The event was organised by the UN Counter-Terrorism Office (UNOCT), the EAG Secretariat and the UN Regional Centre for Preventive Diplomacy for Central Asia.

The first seminar, which took place on 26-27 September this year, aimed at raising awareness of the non-profit sector in this area. During the seminar, experts from the UNOCT, the EAG Secretariat, the UK and the Russian Federation familiarised the NPO sector with:

- requirements of FATF Recommendation 8 and Immediate Outcome 10;
- results of the mutual evaluation report and latest follow-up reports of Kyrgyzstan on this issue;
- the results of risk assessment of misuse of NPOs for terrorism financing purposes in Kyrgyzstan;
- practical experience of foreign NPOs in identifying and minimizing the risks of TF, fraud, etc.;
- regional examples of risk minimization measures;
- peculiarities of measures for NPOs operating with cash;

In order to consolidate the material studied, scenario-based exercises were held:

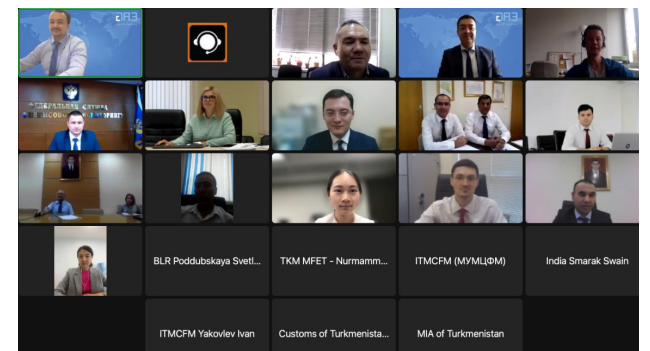
- on how to prevent NPOs from associating with persons included on sanctions lists (national and UN)
- project risk assessment and mitigation measures.

The second workshop, held on 28 September this year, focused on building the capacity of relevant officials involved in the regulation, supervision and investigation of the NPO sector. This consultation meeting focused on risk-based supervision. International and regional experts shared their experiences and examples:

- building risk-based supervision;
- informing NPOs about risks;
- awareness raising activities;
- building transparent and credible cooperation between NPOs and the government;
- assessment of NPO programmes by the regulator for the purpose of risk assessment.

The experts also presented examples of FATF global network countries in terms of identifying NPO sector supervisors to protect against TF risks. The material was followed by scenario-based exercise on how to assess the risks of NPO programmes and rank them by degree of risk for effective risk-based supervision.

Training for the EAG Member States on completing the forms for providing information on technical assistance



On September 6, 2022, the EAG Secretariat held an online training for the EAG Member States on completing the forms for providing information on technical assistance. The event was attended by the representatives of the Republic of Belarus, Republic of India, Republic of Kazakhstan, People's Republic of China, Kyrgyz Republic, Russian Federation, Republic of Tajikistan, Turkmenistan and Republic of Uzbekistan. The training focused on theoretical information and explanation of the practice of filling in the forms.

EAG contest for the best financial analysis of banks' compliance departments



The EAG Secretariat held the contest for the best financial analysis of banks' compliance departments on the margins of the II International Olympiad on Financial Security in Sochi (Russian Federation).

The banks of the Republic of Belarus, Republic of India, Republic of Kazakhstan, Kyrgyz Republic, Russian Federation, Republic of Tajikistan, Turkmenistan and Republic of Uzbekistan presented the results of their financial analysis of the clients' suspicious activity related to money laundering.

The finalists selected from this stage will present their cases at the forthcoming EAG Plenary meeting in November 2022, where the winner of the contest will be determined.

The initiative is new and will be held on an annual basis.

The competition aims to promote exchange of experience and best practices in financial monitoring, development of public-private partnership formats in the field of anti-money laundering and combating terrorist financing.

Training on the CFT

On July 25-29, 2022 in Nur-Sultan city of Kazakhstan, the EAG Secretariat participated as an expert in a training for the competent authorities of Kazakhstan on terrorist financing prevention, organized by the LEICA project (Law Enforcement in Central Asia) in cooperation with EAG

The aim of the training was to improve the capacity of the competent authorities of Kazakhstan to effectively identify, investigate and counter the financing of terrorism and terrorism-related crimes (CFT), using appropriate tools of operational analysis.

This event allowed solving the following tasks:

- provide information on the best practices and experiences of competent authorities as well as specialized international organizations in the field of CFT, including using effective analysis tools;
- improve the capacity of the competent authorities of Kazakhstan to identify suspicious transactions and operations related to the financing of terrorism and other serious crimes and to implement measures aimed at the investigation of such criminal acts;
- provide assistance aimed at improving cooperation among the law enforcement agencies of Kazakhstan;
- present and discuss practical examples of interagency cooperation aimed at CFT.



Outcomes FATF Plenary, 20-21 October 2022

The first Plenary of the FATF under the Presidency of T. Raja Kumar of Singapore concluded on October 21, 2022. Delegates from over 200 jurisdictions of the Global Network participated in these discussions at the FATF headquarters in Paris

FATF members agreed to release, for public consultation, draft guidance on Recommendation 24 to help countries and the private sector implement FATF's strengthened requirements on beneficial ownership to prevent criminals from hiding illicit activity behind opaque corporate structures. FATF also approved the release of a public consultation document on proposed revisions to Recommendation 25 on transparency and beneficial ownership of legal arrangements.



FATF members also approved a report on the illicit proceeds generated from the supply chains for fentanyl and related synthetic opioids and discussed a report on money laundering through arts, antiquities and other cultural objects, which will be finalised by February 2023.

Delegations were updated on other ongoing work, including a project on countering the laundering of proceeds from ransomware attacks, and work to update to the FATF best practices paper on combating the abuse of non-profit organisations. Delegations were also updated on projects and activities to implement the March 2022 Strategic Vision for the Global Network of 206 jurisdictions that have jointly agreed to strengthen their regimes to tackle money laundering, terrorist and proliferation financing.

Compliance with the FATF Standards

Jurisdictions under Increased Monitoring

Jurisdictions under increased monitoring are actively working with the FATF to address the strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing. When the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes. New jurisdictions subject to increased monitoring are the Democratic Republic of Congo (DRC), Mozambique and Tanzania.

- [Jurisdictions under increased monitoring](#)

Jurisdictions subject to a call for action

FATF identifies countries or jurisdictions with serious strategic deficiencies to counter money laundering, terrorist financing, and financing of proliferation. These jurisdictions are subject to a call for action to protect the international financial system. Myanmar has been added to the list of jurisdictions subject to a call for action. When applying enhanced due diligence measures, countries should ensure that flows of funds for humanitarian assistance, legitimate NPO activity and remittances are not disrupted.

- [High-risk Jurisdictions subject to a Call for Action](#)

Jurisdictions No longer under Increased Monitoring – Nicaragua and Pakistan

Nicaragua

The FATF notes Nicaragua's progress in improving the elements of its AML/CFT regime covered by its action plan. Nicaragua has addressed technical deficiencies to meet the commitments of its action plan regarding strategic deficiencies in the areas that the FATF identified in February 2020. Nicaragua is therefore no longer subject to the FATF's increased monitoring process.

However, the FATF is strongly concerned by the potential misapplication of the FATF Standards resulting in the suppression of Nicaragua's non-profit sector. Nicaragua should continue to work with GAFILAT to improve further its AML/CFT regime, including by ensuring its oversight of NPOs is risk-based and in line with the FATF Standards. Nicaragua is strongly encouraged to continue cooperating with GAFILAT on this issue.

Pakistan

The FATF welcomes Pakistan's significant progress in improving its AML/CFT regime. Pakistan has strengthened the effectiveness of its AML/CFT regime and addressed technical deficiencies to meet the commitments of its action plans regarding strategic deficiencies that the FATF identified in June 2018 and June 2021, the latter of which

was completed in advance of the deadlines, encompassing 34 action items in total. Pakistan is therefore no longer subject to the FATF's increased monitoring process.

Pakistan will continue to work with APG to further improve its AML/CFT system.

Strategic initiatives

Improving Asset Recovery

Under the Singapore Presidency, and in line with the strategic priorities agreed by its Ministers in April, the FATF is working to enhance asset recovery results and thereby remove the financial incentives that drive criminal activity. Delegates expressed support for the key takeaways agreed at the inaugural joint FATF-INTERPOL Roundtable Engagement (FIRE) that was held in Singapore in September 2022. Participants recognised that the amount of criminal proceeds that are confiscated are estimated to be less than 1% of total criminal proceeds, and that ambitious and decisive action is needed by the FATF and its members to drive greater asset recovery. Participants agreed on the importance of a strong legal framework to effectively pursue asset recovery, that action is needed to ensure that international cooperation occurs more rapidly and smoothly, and that the FATF's Standards need strengthening so that countries are better equipped to act effectively at every stage of the asset recovery process. The event also discussed the impact of cyber-enabled fraud on victims, including the need to better understand the risks and for more proactive action to trace the financial flows and rapidly seize the criminal assets (see the outcomes from FIRE for more information).

At this Plenary, delegates were updated on the ongoing projects to strengthen the FATF's Standards on asset recovery, and to enhance the asset recovery inter-agency networks such as ARINs/CARIN.

Delegations also emphasised the need for the FATF to continue to work closely with INTERPOL, the Egmont Group, UNODC, the World Bank and other partners, to promote effective asset recovery action, including through the use of effective mechanisms and practices. They agreed that the FATF should continue to proactively take a leadership role to improve international cooperation in this area and drive greater global asset recovery.

Improving Access to Beneficial Ownership Information

Guidance on Beneficial Ownership (R.24)

In March 2022, the FATF strengthened its Recommendation 24 and its Interpretive Note which require countries to prevent the misuse of corporate structures, or legal persons, for money laundering or terrorist financing and to ensure that there is adequate, accurate and up-to-date information on the beneficial ownership and control of legal persons. To guide countries and the private sector in implementing these new requirements, the FATF has developed a Guidance on Beneficial Ownership which will be released for full public consultation to solicit wider input from stakeholders. The FATF expects finalising the guidance in February 2023.

This guidance currently focuses on Recommendation 24, and will be further updated when the FATF has completed its review of Recommendation 25 on legal arrangements.

Strengthening the FATF Standard on Beneficial Ownership Information for trusts and other legal arrangements

The FATF also agreed to release proposed modifications to the FATF Standard on beneficial ownership of legal arrangements (Recommendation 25) for public consultation.

The proposed revisions take into account views received on the white paper that the FATF issued for public consultation in June 2022, and aim to ensure a balanced and coherent approach to beneficial ownership in the FATF Recommendations on trusts and other legal arrangements. The FATF expects to finalise these revisions in February 2023.

Illicit Proceeds Generated from the Fentanyl and Related Synthetic Opioids Supply Chains

The FATF also worked on assisting law enforcement and other authorities in carrying out financial investigations into the growing illicit trade in fentanyl and other synthetic opioids more effectively. In North America, the non-medical use of fentanyl has caused a record number of overdose deaths and a tramadol epidemic is having a significant impact on public health in parts of Africa. Across Asia also, more countries are also reporting growing numbers of cases. Despite the majority of countries identifying drug trafficking as a major predicate offence for money laundering, and the growing number of incidents leading to loss of life, investigations and prosecutions of laundering of proceeds from synthetic opioids trafficking remain low. The FATF report, which will be published in mid-November, includes risk indicators that can help identify suspicious activity and makes recommendations on the best approaches to detect and disrupt financial flows relating to this illegal trade. This includes training for law enforcement and prosecutors to better understand the supply chain and the role of the pharmaceutical industry, international cooperation between source, transit and destination countries, and public-private partnerships to share red flag information and help the private sector better identify and report suspicious activity.

Effectiveness and feedback as a principle of technical assistance coordination

One of the main tasks of the Eurasian Group on combating money laundering and terrorist financing (EAG) as the FATF-style regional body is evaluation of the Member States for compliance with the international AML/CFT standards

In addition, the EAG Secretariat coordinates the technical assistance provided to the Member States during the post-evaluation period to address the deficiencies identified in the assessment and improve the effectiveness of the national systems. To date, two projects are in the active implementation phase, one of which is the coordination of technical assistance to the Kyrgyz Republic.

It is essential that the concrete results of the technical assistance under this project have been evaluated in the country's follow-up report.

The main focus of the coordination of technical assistance has been the improvement of the country's legislation on Recommendation 8 as a priority item in the Project Plan. This Recommendation was the



only one for which the country was rated "Non-compliant". The lack of risk assessment of the NPO sector and risk-based measures had a greater impact on the rating.

Under the Technical Assistance Coordination Project, the UN Counter-Terrorism Office (UNOCT) has been the donor of technical assistance on this issue. In collaboration with the country and the EAG Secretariat, the following actions were taken by donor to address the gaps identified in the assessment:

- a review of documents related to the NPO sector in the Kyrgyz Republic was conducted and recommendations of the UNOCT expert on necessary legislative changes for implementation of risk-based supervision of the sector were provided;
- the NPO sector risk assessment report was updated:
 - a. specific questionnaires for government authorities and the NPO sector were developed to gather additional information;
 - b. conducted remote and face-to-face consultative meetings with the financial intelligence unit, law enforcement, and other competent authorities (Ministry of Justice, tax authority, etc.) to assess NPO sector risks;
 - c. typologies of terrorist financing through NPOs were identified in relation to the Kyrgyz Republic;
 - d. recommendations on how government agencies can work with NPOs at risk were developed.
- a model regulation on State supervision (control) of non-profit organizations has been developed;
- developed a draft regulation 'On the Approval of Risk Assessment Criteria for Non-Profit Organisations' Activities';
- conducted two face-to-face workshops for the NPO sector to raise the sector's awareness of best practices and typologies to protect the NPO sector from terrorist abuse and strengthen

cooperation and coordination with government agencies;

- conducted two face-to-face workshops to build the capacity of competent government agencies on risk-based supervision, interagency cooperation, and a feedback regime.

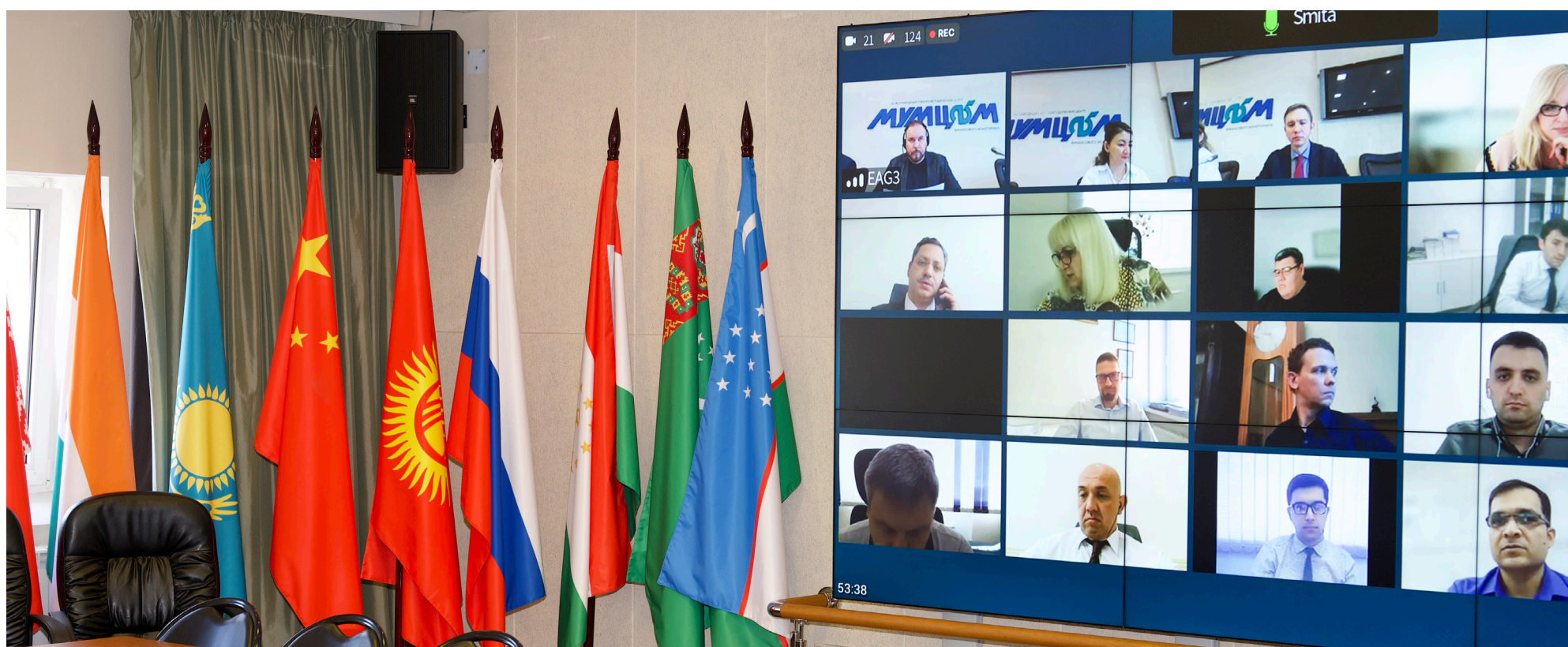
The above workshops have involved regional and international experts, including FATF countries.

As a result, according to the decision of the 37th EAG Plenary meeting the rating for Recommendation 8 was upgraded. 4 of the 6 criteria for which donor assistance was provided were assessed as met or mostly met.

This tangible result of technical assistance demonstrates the success of targeted and coordinated cooperation and provides feedback to donors on the usefulness and impact of their assistance.

The second meeting of the EAG's International Compliance Council

On 25 May 2022 the EAG Secretariat together with the International Training and Methodology Centre for Financial Monitoring organised and conducted the second remote meeting of the International Compliance Council (ICC)



The main topic of the discussion was the work of national regulators and financial institutions to improve financial literacy of clients in order to reduce the risks of their involvement in fraudulent and other shady schemes.

The event was attended by about 200 participants, including representatives of the public and private sectors of the EAG member states.

The participants, representing 9 EAG Member States, shared their experience in detection of illegal activities on the financial market, including with the use of AML tools, considered peculiarities of KYC procedures, as well as management of risks of servicing virtual asset service providers. The participants were especially interested in the presentation made by the International Training and Methodology Centre for Financial Monitoring on the Grafus system, which allows to

develop skills to conduct financial investigations using synthetic data.

Participants of the International Compliance Council were invited to the events (panel discussions and master classes) of the final stage of the International Financial Security Olympiad, which will take place on October 10-14 this year at the federal territory "Sirius" (Sochi city).

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

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