

**ACTIVITY REVIEW
OF THE DEPARTMENT
OF FINANCIAL MONITORING
(2016-2018)**

Dear colleagues!



The main results of work of the Department of Financial Monitoring of the State Control Committee of the Republic of Belarus and key trends in the sphere of combating money laundering, financing of terrorism and proliferation of weapons of mass destruction (AML/CFT/CFP) for the three year period – from 2016 to 2018 are presented in the review.

Before to tell about the most significant events of this time, I would like to thank sincerely colleagues from various government authorities and organizations of our country for their cooperation and support in improvement of the national AML/CFT/CFP system. Without this assistance, the results we have today would not have been possible.

In the expired period our country was removed from procedure of the strengthened monitoring of the Eurasian group on combating money laundering and financing of terrorism (EAG), accepted actions of plenary week of EAG in Minsk, carried out a big preparatory work for the international assessment of our «anti-money laundering» system and now undergoes procedures according to the schedule of key actions of this assessment.

All this once again demonstrates the commitment of the Republic of Belarus to the international standards in the sphere of AML/CFT/CFP.

I would also like to note that the results achieved would be impossible without full support of our foreign colleagues, international organizations and ANO «International training and methodology center for financial monitoring» (Russian Federation). Let me express my deep respect to them and gratitude for their assistance. Only coordinated actions at the local, regional and world levels promote creation of effective global system of combating transnational organized crime, financial fraud, corruption and international terrorism.

I want to thank also sincerely the staff of the Department of Financial Monitoring whose daily work in cooperation with colleagues from government bodies and other organizations of the Republic of Belarus, the international organizations and colleagues from competent authorities of the foreign states produces the results, we are proud to present in this review.

Finally, let me you assure that the Department of Financial Monitoring intends to continue meaningful work on further improvement of the national

AML/CFT/CFP system according to the international standards in this sphere and demonstration of the commitment of our country to these standards.

Yours sincerely,

Viacheslav Reut,
Director of the Department of Financial
Monitoring of the State Control
Committee of the Republic of Belarus

DEPARTMENT OF FINANCIAL MONITORING



The Department of Financial Monitoring of the Committee of State Control of the Republic of Belarus (the Department of Financial Monitoring) – the authority of financial monitoring, which authorized to carry out activities on AML/CFT/CFP issues in accordance with legislation of the Republic of Belarus.

Department of Financial Monitoring is formed on September 14, 2003.

The place of the Department of Financial Monitoring in the national AML/CFT/CFPWMD system

The effective AML/CFT/CFP system is created in the Republic of Belarus. The system includes the following authorities:

General Prosecutor's Office and its territorial bodies;

the National Bank and its territorial bodies, governmental authorities, subordinated to the Council of Ministers;

the Department of Financial Monitoring of the Committee of State Control;

Investigative Committee;

Law enforcement authorities (the Ministry of Internal Affairs, the State Security Committee, the State Customs Committee, the Financial Investigations Department of the State Control Committee);

Judicial authorities;

Entities carrying out financial transactions (banks, notaries, real estate agents, institutions providing services related to registration of real estate property, exchanges, insurance companies, dealers in precious metals and stones, postal services operators, gambling operators, etc.).

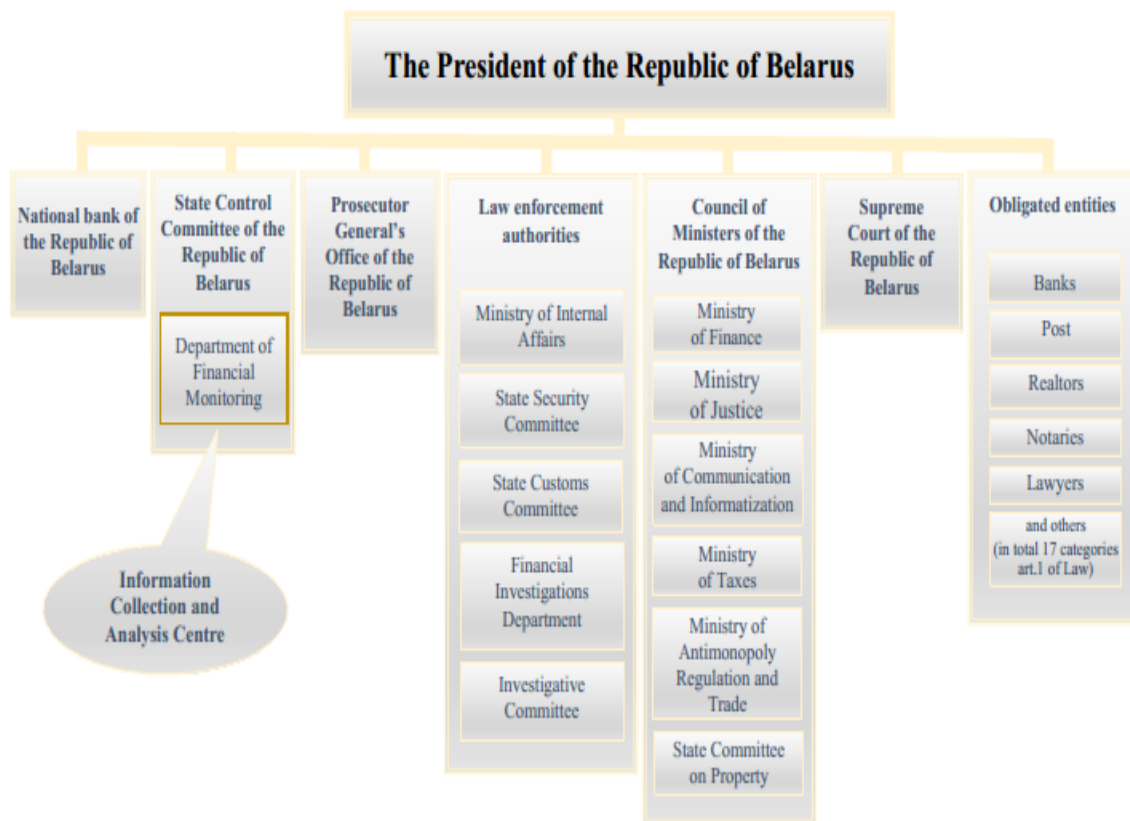


Fig. 1 Structure of the AML/CFT/CFP system of the Republic of Belarus

The activities of the Department of Financial Monitoring are regulated by the Decree of the President of the Republic of Belarus dated September 14, 2003 № 408 «On Establishment of the Department of Financial Monitoring of the State Control Committee of the Republic of Belarus» and the Law of the Republic of Belarus «On Measures for Prevention of Laundering of Criminal Proceeds, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction ».

Main objectives of DFM

- implementation of effective measures for AML/CFT/CFP;
- creation and maintenance of the automated information system for collection, processing and analysis of data on financial transactions that are subject to special control;
- international cooperation on prevention of laundering of criminal proceeds and financing of terrorism.

STRUCTURE OF THE DEPARTMENT OF FINANCIAL MONITORING

The Department of Financial Monitoring consists of three divisions: Analytical division, Information and Technology division, Coordination and International Cooperation division. The Unit for collaboration with Law Enforcement Authorities is a part of analytical management.

The Analytical division takes effective measures for AML/CFT/CFP, reveals financial operations which can be connected with obtaining of the criminal income and its legalization; collaborates with the law enforcement authorities, other competent organizations concerning to AML/CFT/CFP.

The responsibilities of the Information and Technological division are collection of information about the financial operations, which are subject to special control, maintenance, and improvement of databases, development of the new software.

The coordination and international cooperation division executes the international cooperation in the sphere of AML/CFT/CFP, coordination of interaction with governmental authorities and other organizations of the Republic of Belarus within of the interagency task forces on issues of AML/CFT/CFP, provides training events, reveals financial operations related to financing of terrorism.

The Department of Financial Monitoring cooperates closely with the Ministry of Internal Affairs, the Committee of State Security, the Financial Investigations Department of the State Control Committee, the General Prosecutor's Office, the Investigative Committee, the National Bank, the State Customs Committee, the State Border Committee, the Operation and Analytical Centre under aegis of the President of the Republic of Belarus, Security Service of the President of the Republic of Belarus and financial intelligence units of foreign countries on AML/CFT/CFP issues.

Active interaction of the Department of Financial Monitoring with law enforcement and supervisory authorities is carried out within specialized international operations «Five Elements», «Milky Way» and «Barrier». Also, the Department of Financial Monitoring jointly with law enforcement authorities of the Republic of Belarus participates in such operations as «Illegal immigrant», «Channel» and «Proxy», which are carried out by member states of the Collective Security Treaty Organization.

Analytical activities of the DFM

Analytical activities of the Department of Financial Monitoring are targeted to the following:

- detection and suppression of activity of shell structures and criminal groups;
- detection of illegal business activity and taxes evasion schemes;
- analysis of financial transactions of legal entities operating in high-risk spheres (branches) of economy;
- detection of unreasonable mediation schemes in procurement of goods (works, services) by the state-owned entities and entities with a state share in their capital;
- analysis of the financial transactions related to illegal outflow of funds abroad;
- combating financing of terrorism.

The Department of Financial Monitoring annually submits about 2 thousand information and analytical materials about detected suspicious financial transactions to the law enforcement and regulatory authorities of the Republic of Belarus and foreign financial intelligence units.

Table 2

Main results of the Department of Financial Monitoring

	2016	2017	2018
Sent messages to the law enforcement and other interested authorities	1 908	1 857	1 714
<i>including to the foreign FIUs</i>	<i>177</i>	<i>293</i>	<i>260</i>
Exacted sanctions, thousands USD	20 507,3	94 708,5	87 000
<i>including taking into account international cooperation, thousands USD</i>	<i>2 678,3</i>	<i>12 901,2</i>	<i>65 100</i>
Revealed crimes	551	631	488
<i>including taking into account international cooperation</i>	<i>24</i>	<i>70</i>	<i>104</i>

One of examples of effective interaction of the law enforcement authorities of the Republic of Belarus and the Department of financial monitoring in 2017 has become the establishment of a wide-scale scheme of obtaining of a criminal income from tax and corruption crimes.

The several organizations, which became large suppliers of the computer equipment for needs of the state enterprises and organizations were created in Republic of Belarus. The company B was among of these entities.

The head of the company B. jointly with co-owners and other persons during the period from 01.01.2012 till 31.12.2016 organized the scheme of deliveries of the computer equipment to the Republic of Belarus and its further sales. The part of the income obtained from this scheme accumulated and removed in cash flow abroad through the controlled companies. Those actions of organized group caused damage in especially large value.

The law enforcement authority in accordance with criminal procedure legislation collected indisputable proofs of criminal activity of the officials and organizations, which are carrying out delivery of the computer equipment for needs of government organizations.

The activity of the criminal group was stopped. The law enforcement authority initiated 21 criminal cases on the facts of commission of corruption crimes under the articles: 424 «Abuse of Power or Office Powers», 430 «Taking a bribe», 431 «Giving a bribe» of the Criminal code of Republic of Belarus.

Perpetrators are condemned. The extended coverage dealt in mass media of the Republic of Belarus.

The accused persons within of pre-judicial order indemnified the damage caused to the state; in this regard, the criminal cases related to money laundering were not initiated. By now these persons has submitted pleas of mercy.

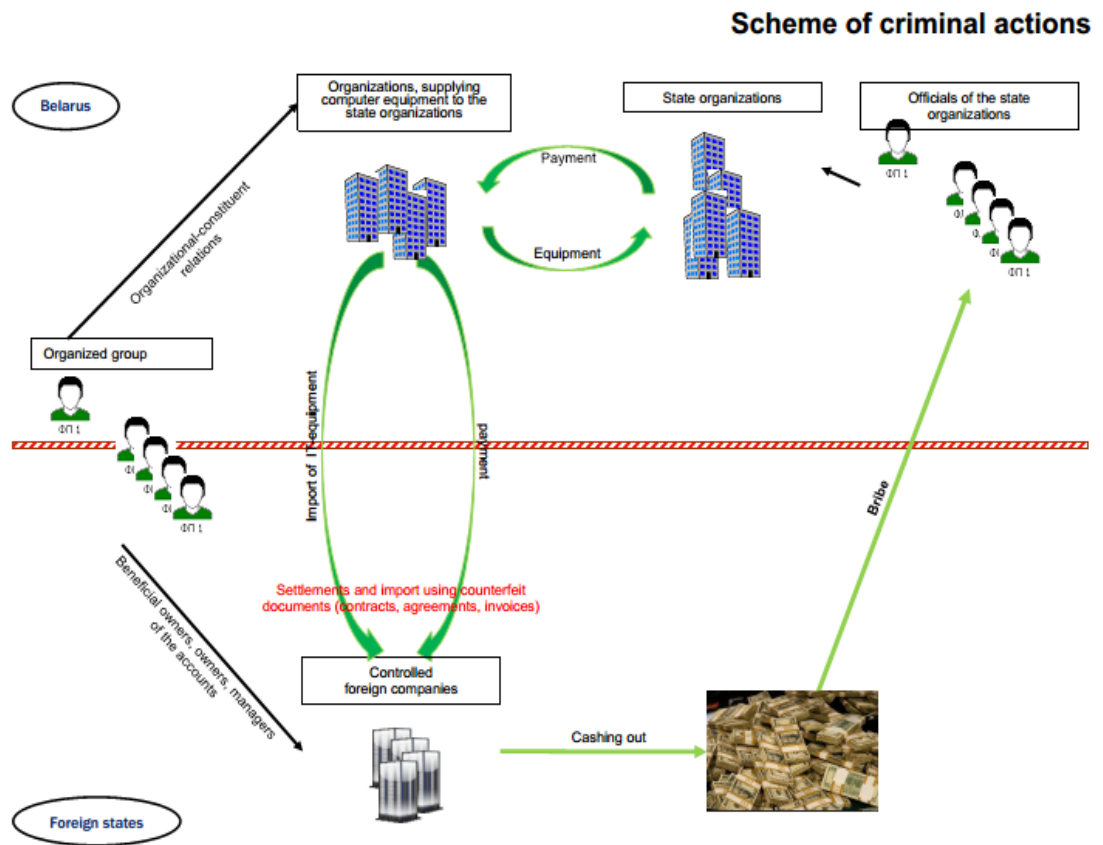


Fig. 2 Scheme of the criminal activity

Information resources of the Department of Financial Monitoring

The efficiency of the Department of Financial Monitoring activity in many respects depends on a level of development of its automated system for collecting, accounting, processing and analysis of information about financial operations, which are subject to special control.

The main sources of information used in activity of the Department of Financial Monitoring are the entities which carrying out financial transactions (banks, notaries, real estate agents, institutions providing services related to registration of real estate property, exchanges, insurance companies, dealers in precious metals and stones, postal services operators, gambling operators, etc.).

Daily more than 570 reports come to DFM. In total in 2018 the Department of Financial Monitoring is accepted and processed 152 443 (in 2017 – 142 741, in 2016 – 136 698) messages regarding to financial operations which are subject to special control. The most active in submission of such reports in 2018 were organizations of the state registration of real estate and banks from which was submitted 35,2% (in 2017 – 29,9%, in 2016 – 34,4%) and 34,7% (in 2017 – 46,9%, in 2016 – 57,1%) reports respectively.

In 2018 the number of the special forms with information about financial operations, which are subject to special control was the following:

- about suspicious financial operations – 58,2%, about operations which sum exceeds the established threshold value – 39,7%,

- about organizations and natural persons involved in terrorist activity - 0,001%,

- about participants of financial operations from the countries, not participating in international cooperation in the sphere of AML/CFT/CFP or not implementing recommendations of FATF – 0,007%,

- about suspicious operations, corresponding to several criteria – 2,1%.

The Department of Financial Monitoring carries out the analysis of information on the financial operations, which are subject to special control, reveals the signs demonstrating that financial operations connected to money laundering, financing of terrorist activity or financing of proliferation of weapons of mass destruction.

International cooperation

The international cooperation of the Department of Financial Monitoring promotes acceptance of effective measures on AML/CFT/CFP.

The international information exchange between financial intelligence units (FIU) is carried based on the requests or on its own initiative. Conditions and principles of cooperation between FIUs are defined in documents of Financial Action Task Force (FATF) and Egmont Group, such as the Statement for the Goals of Egmont Group, the Principles of Information Exchange between FIUs, the Explanatory Note concerning definition of FIUs and the Standard Memorandum of Understanding between FIUs.



Egmont group - the informal united body of financial intelligence units of the world formed in 1995 with the purpose of ensuring exchange of information and experience in the sphere of money laundering and financing of terrorist activity. Members of the group are financial intelligence units of 156 countries and territories. The headquarters of association is in Canada.

The legislation of the Republic of Belarus does not demand obligatory existence of the cooperation agreement on exchange of information connected with money laundering, predicate crimes and financing of terrorism (ML/FT) for interaction with financial intelligence units of the foreign states. At the same time, the relevant agreements can be required for partners of DFM.

By January 1, 2019 the Department of Financial Monitoring has signed interdepartmental agreements with FIUs of 23 states regarding exchange of information connected to money laundering and financing of terrorism (ML/FT). In 2016-2018 the Department of Financial Monitoring concluded agreements with the Russian Federation (update), Israel, Iran, Latvia and Poland.



The international information exchange considerably expands possibilities of national FIUs by organizing access to useful data (information on commission of suspicious financial operations, movement of funds on accounts, registration data of companies, their beneficial owners and managers of the accounts) which the other FIU possess or can receive. Thereby the international information exchange promotes detection of more difficult cross-border ML/FT schemes.

At present, the Department of Financial Monitoring has established the contacts with FIUs of more than 90 foreign countries. In 2018 information exchange was carried out with 51 foreign FIUs. The Department of Financial Monitoring sent 260 messages to these FIUs and 255 messages arrived from them. The most active information exchange was carried out with FIUs of Latvia, Russia, Estonia, the Czech Republic, Ukraine and Georgia. In 2016-2018 for the first time, the Department of Financial Monitoring received initiative information about of the suspicious financial operations by Belarusian citizens and entities at the territory of Slovakia, Luxembourg, Poland, Gibraltar and the Seychelles. The number of the messages arrived from the FIUs of Cyprus increased. Traditionally the largest number of initiative messages came from the Czech Republic, Latvia, Russia and Germany.

Table 2

International information exchange of the Department of Financial Monitoring

Year	Information exchange is carried out with	Number received messages from FIUs	Number sent messages by DFM
2014	47 countries	165	273
2015	46 countries	158	233
2016	49 countries	157	177
2017	48 countries	265	293
2018	51 countries	255	260

The active work in the sphere of combating «money laundering» is also conducted within the framework of other international organizations.

The Republic of Belarus is the member of the Eurasian group on combating money laundering and financing of terrorism (EAG). The EAG, being a regional group of Financial Action Task Force (FATF) style, is designed to facilitate the wide dissemination of the FATF recommendations and to carry out an assessment of their performance by the member states of organization. The monitoring of implementation of the international obligations in the sphere of AML/CFT by the countries is carried out on the basis of mutual evaluations of «anti-money laundering» systems. Year



The EAG was established in 2004. In June, 2010 the EAG got the status of the associated member of FATF and in 2011 – became intergovernmental organization. The EAG includes 9 countries (Belarus since 2004).

The status of observers is given to 15 countries and 21 international organizations and specialized structures. In accordance with the resolution of the President of the Republic of Belarus the Department of Financial Monitoring represents the national interests in the EAG.

The EAG provides platform for sharing of experience and best practices in the sphere of AML/CFT/CFP, including revision of legislation and carrying out of the risks assessments of ML/FT, learning of new trends, ways and methods of combating ML/FT. The EAG organizes about 40 international

events annually, including about 30 of training events (such as seminars, courses, workshops) via video conferencing within Common information space of EAG jointly with the FIUs of Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.



The Membership in the EAG also allows the Department of Financial Monitoring and other government bodies of the Republic of Belarus to take part in the FATF events. The decisions on change of the AML/CFT/CFP international standards are made and recent trends and risks in this sphere are discussed within such activities.

The Department of Financial Monitoring also actively participate in the activities of the Council of the Heads of Financial Intelligence Units of the state participants of the CIS, which was established in 2012.

The Council is designed to improve the effectiveness of cooperation and exchange of information among FIUs as well as to implement the FATF standards to the national legislations of the CIS countries.



Within the activities of the Council, the following issues are discussed:
detection and suppression of activity of the professional «laundering» platforms (operations «Five Elements» and «Milky Way») and international terrorist organizations and their operating cells in territories of the CIS countries (operation «Barrier»);

preparation for carrying out of a supranational ML/FT risks assessment of member states of the Council, harmonization of approaches to regulation of certain spheres for AML/CFT/CFP, collaboration of the Council with other bodies of the CIS.

Training of representatives of the government authorities

The Department of Financial Monitoring pays great attention to preparation, retraining and professional development of specialists of the government bodies and organizations of the private sector for strengthening of personnel potential of the national AML/CFT/CFP system.

With assistance of DFM the specialists of the government bodies of the Republic of Belarus took part in the EAG Plenary weeks (2 times a year), in the international round work tables and seminars organized by EAG and other international organizations (about 10 activities a year).

The seminars and round work tables via a video conferencing are organized on a regular basis within Common information space of EAG jointly with FIUs of Russia, Kazakhstan, Tajikistan, Uzbekistan, Kyrgyzstan and Armenia on the most topical issues in the sphere of AML/CFT/CFP (about 30 activities a year).

Table 3

The held training events via video conferencing

2016	2017	2018
28	33	28

The Department of Financial Monitoring coordinated and provided participation in activities of representatives of the following government bodies: the National Bank, the Ministry of Taxes, the State Property Committee, the Ministry of Justice, the State Customs Committee, General Prosecutor's Office, the Ministry of Communications and Informatization, the Ministry of Internal Affairs, Financial Investigations Department etc. and also of the private sector (banks, notaries and postal services operators).

For example, the subjects of the carried-out round work tables, seminars, courses included the following issues:

carrying out of a national risks assessment, international standards of risk management;

automatization of the work with typologies;

experience of implementation of the FATF standards;

organization of work on investigation in the sphere of AML/CFT/CFP;

practice of collaboration of a FIU with law enforcement authorities in the field of counteraction to human and drug traffic;

suppression of financial streams in combating transnational organized crime;

return of assets from abroad;

international experience of investigation of crimes connected with use of cryptocurrencies.

The Department of Financial Monitoring coordinates training of experts-estimators for participation in mutual evaluation of «anti-money laundering» systems of member states of EAG. By January 1, 2019 in the Republic of Belarus 10 such experts has been prepared (DFM – 2, the National Bank – 3, the Ministry of Internal Affairs – 2, the Prosecutor General's Office – 1, Investigative Committee – 1, the Ministry of Finance – 1).

Besides, training of young specialists has been organized in international educational program within EAG. In 2018 the Department of Financial Monitoring selected 8 people from the Republic of Belarus for assignment to receive the higher education in «NRNU MEPhI» (Moscow). At present 14 representatives of the Republic of Belarus study on the economic security and information and analytical systems specialties.

The most part of the specified events is held with organizational and financial support of the International Educational and Methodical Center of Financial Monitoring (IEMCFM) created by Federal Financial Monitoring Service of the Russian Federation.

For strengthening of contacts in this sphere in January, 2017 the DFM, Rosfinmonitoring and IEMCFM concluded the agreement about cooperation in training of personal for national AML/CFT/CFP systems.

Results of the national risks assessment

According to the Presidium' of Council of Ministers of the Republic of Belarus decision dated 27.02.2018 in 2018 in Republic of Belarus the national assessment of risks of money laundering and financing of terrorism has been carried out.

The assessment activities were coordinated by the Interdepartmental commission at Council of Ministers of the Republic of Belarus created by the order of the Prime minister of the Republic of Belarus dated March 27, 2018 № 81r. The representatives of 15 government bodies were included in the commission: the Prosecutor General's Office, the Supreme Court, the Investigative Committee, the State Control Committee, the National bank, the State Security Committee, the Ministry of Internal Affairs, the State Customs Committee, the State Border Committee, the Ministry of Finance, the Ministry of Justice, the Ministry of Taxes, the Ministry of Antimonopoly Regulation and Trade, the Ministry of Communications and Informatization, the State Committee on Property. The organizations of private sector and their association (unions) also participated in the assessment.

The Interdepartmental commission' activities were provided by its secretariat headed by the director of the Department of Financial Monitoring. 9 meetings of Interdepartmental commission were held.

The final risks assessment report of money laundering and financing of terrorism was approved on 23.10.2018.

The assessment was carried out on the basis of comparison of the threats and vulnerabilities of ML/FT in certain sectors according to own methodology, which was developed on the basis of the FATF, the OSCE, the International Monetary Fund and the World bank' recommendations and documents..

The threats assessment was carried out by the law-enforcement unit of the Interdepartmental commission (the Prosecutor General's Office, the Investigative Committee, the Supreme Court, law enforcement agencies) based on comprehensive study of crimes within which criminal income can be obtained. The carried-out analysis allowed to divide them into three risk groups: high, medium and low.

Table 4

The results of threats assessment of money

Low	Medium	High
<ul style="list-style-type: none"> - murders (art.art. 139 – 141, 362 CC (with attempts); - thefts, plunders, robberies, (art. 205-207 CC); - rackets (art. 208 CC); - embezzlements (art. 211 CC); - coinage offences (art. 221 CC); - illegal activities related to weapon (art. 295 CC); - terrorism (art. 290 – 295-1 CC) 	<ul style="list-style-type: none"> - fraud (art. 209 CC); - human traffic (art.art. 171, 171-1, 343 and 343-1 CC); - illegal migration (art. 371-1 CC); - crimes in customs sphere (art.art. 228, 228-1, 229, 230, 231, 328-1 and 333-1 CC) 	<ul style="list-style-type: none"> - tax crimes (art. 243 CC); - illegal bussines activity (art. 233 and 234 CC); - drug crimes (p.p. 2-4 art. 328, p.p. 2, 3 art. 328-1 CC); - cyber crimes (art. 212 CC); - corruption (art.art. 210, p.p. 2, 3 424-425, 429-432, 455 CC)

The high probability of connection with receiving and (or) legalization of the criminal income of the predicate crimes committed by an organized group of persons has been noted.

The carried-out analysis of threats of ML/FT showed that the criminal income obtained in the Republic of Belarus, as a rule, is legalized by acquisition and use in cars and real estate business activity as well as investment of money in activity of under control entities, including casino.

However, the considerable part of the criminal income is not legalized but stored in a cash form, especially criminal income, received as a result of commission of the corruption crimes and crimes connected to human trafficking. This has an impact on increasing of ML/FT risks in sectors with big turnover of cash.

The representatives of supervisory authorities (the National Bank, the Ministry of Finance, the Ministry of Justice, the Ministry of Taxes, the MART, the State Property Committee) carried out an assessment of vulnerabilities and risks in under control areas. They created the working groups in their agencies, developed tools and collected a big array of information from under control persons. Based on this information and report on the assessment of threats of ML/FT they created reports on assessment of risks in under control areas.

These sector reports were used by the Interdepartmental commission in assessing national ML/FT risks.

Table 5

An assessment results of vulnerabilities of money laundering and financing of terrorism

Low	Medium	High
<ul style="list-style-type: none"> - banks; - professional securities market players; - leasing organizations; - forex-companies; - postal service operators; - gamblings organizers; - lottery organizers; - notaries, layers, entities and individuals that provide legal services; - auditors; - registrars of real estate property; - commodity exchange 	<ul style="list-style-type: none"> - microfinance organizations; - organizations, carried out activity with precious metals and precious stones - insurance companies and brokers 	No

The carried-out analysis of the vulnerabilities showed that the work on AML/CFT/CFP is organized in all sectors: there is understanding of a possibility of involvement of the persons which are carrying out financial operations and their clients in ML/FT schemes as well as work on data management such risks is carried out. Banks, notaries and registrars of real estate show a high level of understanding of vulnerabilities and risks of ML/FT in their activity.

Comparing threats and vulnerabilities Interdepartmental commission identified the following risks of money laundering for the Republic of Belarus:

risks in the credit and financial sphere:

- use of money transfers systems to make transfers without opening of the account;
- theft of money from bank payment cards;

- use of operations to return the payments made of money for goods (works, services) to a bank payment card in sales outlet;
- receiving cross-border money transfers as loans, including interest-free, and replenishments of own funds;
- carrying out of financial operations with cash, including currency exchange as well as in the large sums;
- use of the new banking products based on information technologies;
- use of securities (bonds) for commission of tax and corruption crimes;

risks of non-financial organizations:

- use by criminals of the services offered by the pawnshops and the organizations which are carrying out buying up of precious metals for storage and sale of the funds and property received in the criminal way;
- use of real estate for legalization of income obtained in the criminal way;
- use of gambling institutions by their founders and heads for legalization of income obtained in the criminal way.

In addition, opacity of beneficial ownership in organizations with foreign participation and use of the international «laundry platforms» are attributed to the risks of ML.

The risk of financing of terrorist activity is estimated as low. Activity of the international terrorist organizations, their cells and members is not registered in the territory of the Republic of Belarus. There are no revealed facts of stay in the territory of the Republic of Belarus of the persons and organizations included in the sanctions list of the UN. The organization did not admit as terrorist by the decisions of the courts of the Republic of Belarus. Separate manifestations of terrorist, religious and extremist activity have non-system and single character.

There are no facts of use of non-profit organizations for financing of terrorist activity in the Republic of Belarus.

The law enforcement authorities are carry out necessary events for prevention of return of participants of armed conflicts to Belarus and to suppression of departure of the Belarusians to the places of conducting combat operations.

The work on risks assessment ended by the development of the Plan of prime actions for decrease of the revealed risks for 2019-2020, aimed to improve the institutional environment, standard and legal regulation, studying of the international experience, strengthening of personnel and technical potential. The State Control Committee is responsible for control of execution of this plan.

Improvement of legislation in the AML/CFT/CFP sphere

The Law of the Republic of Belarus dated on June 13, 2016 made additions and changes to the Law of the Republic of Belarus dated on June 30, 2014 «On measures for prevention of laundering of criminal proceeds, financing of terrorism and financing of proliferation of weapons of mass destruction». The law came into force on September 18, 2016. In the Law dated on June 30, 2014:

the terms «freezing of assets» and «blocking of financial transaction» are defined;

the mechanisms of freezing of funds and blocking of financial transactions concerning the organizations and natural persons are installed, including individual entrepreneurs involved in the terrorist activity;

the powers of the entities, which carry out financial operations, are added, – the obligated entities are obliged immediately from the day when the List of organizations and natural persons, involved in terrorist activities (hereinafter – List) is disseminated to obligated entities to reveal and freeze assets belonging to organizations, individuals, including individual entrepreneurs, that are in the List, to check at least every three months if their clients are organizations, natural persons, including individual entrepreneurs, included in the List, to inform the financial monitoring authority about taken measures in the day of freezing of assets and (or) blocking of a financial transaction ;

the powers of financial monitoring authority in terms of decisions-making on freezing of assets and (or) blocking of financial operations have been supplemented. On the received facts of freezing of assets and (or) blocking of financial transactions the financial monitoring authority informs prosecuting authority and notifies about hereof obligated entity on taken appropriate measures. In case of revealing the facts that appropriate measures have not been taken by obligated entities the financial monitoring authority issues orders to impose special financial sanctions such as freezing of the assets and (or) blocking of financial transactions of the organizations and individuals included in the List;

the possibility of cancellation of the decision on freezing of assets of the persons to which freezing mechanisms has been taken accidentally (in case of the establishment by financial monitoring authority or other competent authority with participation of financial monitoring authority of non-participation of organization, natural person, including individual entrepreneur in terrorist activity or proliferation of weapons of mass destruction);

the order of access to the part of the frozen assets which are of ensuring vitality of the natural persons included in the List and who have no other sources of existence, is defined (so, at the petition of these persons the Department of Financial Monitoring authorized to allow carrying out financial operations at a rate of the living wage budget).

The order of taking the measures connected to freezing of assets and (or) blocking of financial operations of the persons involved in terrorist activity, and also executions of decisions of the financial monitoring authority № 735 is approved by the resolution of Council of Ministers of the Republic of Belarus dated September 16, 2016. The order provides that the period of freezing is termless (until unfreezing).

Changes and additions are made by the resolutions of the Council of Ministers of the Republic of Belarus dated on September 15, 2016 № 727 and September 16, 2016 № 734 regarding to the general requirements to rules of internal control and to the provision on an order of definition of the List. In particular, the term of dissemination of information on changes in the List to the financial monitoring authority and authorized government bodies was reduced from three to one working day. The resolution of the Council of Ministers of the Republic of Belarus dated on September 15, 2016 № 725 made necessary changes to the resolution of the Council of Ministers of the Republic of Belarus dated on March 16, 2006 № 367 defining a form of the special form of registration of the financial transactions that are subject to special control and an order of filling, submission, registration, accounting and storage of them. The reference book of signs of suspiciousness of financial transactions is issued in a new edition.

The government bodies, which according to the article 16 of the Law of the Republic of Belarus dated June 30, 2014, control the activity of the persons, which are carrying out financial operations, made changes in the regulations defining requirements to the rules of internal control. The regulations establish requirements to an order of application of measures, connected with the freezing of assets and (or) blocking of financial transactions, persons which are carrying out financial transactions in under control areas taking into account the specifics of their activity.

On November 23, 2016, the Resolution of the Council of Ministers of the Republic of Belarus № 954 was accepted. It has defined an order of suspension and renewal of financial transactions by the Department of Financial Monitoring and its cooperation with the entities, which are carrying out the financial transactions.

In pursuance of provisions of the Law of the Republic of Belarus dated on June 30, 2014 the orders of the State Control Committee defining the list of public officials are developed and posted on the official site of the State Control Committee on the Internet (dated on December 29, 2016 № 27 in

edition to the order dated on October 17, 2018 № 31). Also the list of the states and territories, which do not implement recommendations of the FATF and do not participate in the international cooperation in the AML/CFT/CFP sphere (dated on May 5, 2017 № 14 in edition to the orders dated on December 11, 2017 № 16/03/36, dated on August 16, 2018 № 25).

The established at the Department of Financial Monitoring AML/CFT/CFP working group, which includes the representatives of the Department of Financial Monitoring, the State Security Committee, the National bank and the Ministry of Foreign Affairs, in 2017 developed the Methodical Recommendations on revelation of financial transactions, connected with financing of terrorist activity for the persons carrying out financial operations. These recommendations based on the following FATF and Egmont Group documents: Report on the results of the FATF research «Detecting terrorist financing: relevant risk indicators» (2016), the FATF document «Guidance for Financial Institutions in Detecting Terrorist Financing» (2002), the Egmont Group document «A Financial Typology of Foreign Terrorist Fighters in Iraq and Levant» (2017), and the Methodical Recommendations submitted by the State Security Committee of the Republic of Belarus. The Recommendations were approved June 8, 2018 and posted on the page of the Department of Financial Monitoring on the official site of the State Control Committee.

Since July 4, 2017 the Republic of Belarus passed to the new structures of an account number (IBAN) and bank identification code (BIC SWIFT) within implementation of the international ISO 20022 standard «Financial services. The universal scheme of messages of the financial industry» (the Resolution of the National bank of the Republic of Belarus Board dated on July 27, 2015 № 440 «On structure of an account number» and the Resolution of the National bank of the Republic of Belarus Board dated on August 7, 2015 № 472 «On the approval of the Instruction about an order of assignment by the National bank of the Republic of Belarus of the bank identification codes and maintaining the reference book of the bank identification codes of participants of the financial arrangements, making payments at the territory of the Republic of Belarus»). Certain necessary changes to the Resolution of the Council of Ministers of the Republic of Belarus dated on March 16, 2006. № 367 were made by the Resolution of the Council of Ministers of the Republic of Belarus, dated on December 18, 2017 № 964.

In the expired period, the changes to other regulations concerning AML/CFT/CFP issues were made.

The Law of the Republic of Belarus «On Entering of Additions and Changes to the Criminal and Criminal Procedure Codes of the Republic of Belarus» (came into force since September 6, 2017) the article 61 of the

Criminal Code is added with the part 7. It defines that if special confiscation of the property acquired in the criminal way, income, obtained from the use of this property at the time of making decision on confiscation is impossible due to loss, expenditure, destruction, realization or for other reasons, the amount corresponding to the value of the property acquired in the criminal way and (or) the size of income obtained from use of this property is recovered from the convicted person in the state revenue. The amount of money to be recovered shall be determined by a court on the date of sentencing.

Part 2 of the article 132 of the Criminal Procedure Code establishes a possibility of seizure of the property owned by the persons who are not suspects or defendants for check of their actual accessory, sources of an origin and legality of alienation if there are sufficient grounds to believe that this property was alienated by the suspect, accused person for the purpose of concealment of accessory or sources of an origin of such property or for financing of terrorism, extremist activity (extremism), an organized criminal group, illegal armed group, criminal organization. If the circumstances, which formed the grounds for seizure of property of the persons, who are not the suspects accused on criminal case were not confirmed, and also at stay or termination of preliminary investigation the decision on seizure of the property, which is in possession of other persons is subject to cancellation.

According to a new edition of the part 17 of the article 132 of the Criminal Procedure Code in and of a suspect or defendant, or the persons bearing a liability for their actions, the persons specified in the part 2 of this article, the seizure of money can be repealed by the body conducting criminal trial, in the part which is necessary for their monthly providing and providing of the disabled persons dependent on them, at a rate of the living wage budget established by the legislation if they have no other income from lawful activity.

On March 28, 2018 the Decree of the President of the Republic of Belarus dated on December 21, 2017 № 8 «On Development of Digital Economy» came into force. This document created legal conditions for carrying out of ICO, use of cryptocurrency and introduction of smart contracts. In compliance with provisions of the Decree, tokens do not belong to means in the value determined by the legislation on AML/CFT/CFP. The government bodies according to their competence will be responsible to control the activity of operators of cryptoplatforms, operators of an exchange of cryptocurrencies regarding observance of the legislation by them about AML/CFT/CFP.

The Resolution of the National bank of the Republic of Belarus Board dated on February 15, 2018 № 62 included amendments and additions to the Instruction on requirements to the rules of internal control of the banks, non-bank credit and financial organizations, open joint stock company «Development Bank of the Republic of Belarus» in the AML/CFT/CFP sphere approved by the Resolution of the National bank of the Republic of Belarus Board dated on December 24, 2014 № 818. In particular, one of the ML/FT

risk-factor is an interaction with the cryptoplatforms operators and the operators of an exchange of cryptocurrencies, and systematic implementation by the client of the financial operations connected with acquisition and (or) alienation of digital signs (tokens). The signs of suspiciousness of the financial transactions connected with money payments of clients of banks for the acquired or alienated digital signs (tokens) are defined. Besides, the requirement to carry out by banks within risk management of a self-assessment of an involvement into performing out of suspicious financial transactions is established.

On January 9, 2018 the Law of the Republic of Belarus «On Entering of Additions and Changes into the Law of the Republic of Belarus «On Fight Against Terrorism». The law came into force in July, 2018. The changes have affected international cooperation in combating terrorism.

In particular, it is established, that government authorities and other state organizations provide within their competence taking measures for implementation of resolutions of the United Nations Security Council concerning organizations and citizens included in the List formed by the State Security Committee of the Republic of Belarus. The order of acceptance of the specified measures is established by the President of the Republic of Belarus.

The State Security Committee of the Republic of Belarus is assigned to carry out interaction with the Committee of the United Nations Security Council founded by the United Nations Security Council Resolutions № 1267 (1999), № 1989 (2011) and № 2253 (2015) including making suggestions on inclusion or exception of organizations and citizens to/from the sanctions list formed by the Committee of United Nations Security Council. The order of such interaction is defined by the Resolution of the Council of Ministers of the Republic of Belarus dated May 25, 2018 № 393.

The Decree of the President of the Republic of Belarus dated August 7, 2018. № 305 «On Improvement of Legal Regulation of Gambling Business» settled an order of organizing and (or) conducting of online gambles, including the issues of further improvement of the activity in the gambling business in general. Due to the need of creation of additional conditions for forming an effective system of the internal control which can ensure compliance of the legislation in the AML/CFT/CFP sphere by the organizers of gambles in gambling institutions, the Decree is provided the following:

- an opportunity for organizers of gambles to suspend or block payment (transfer) of a prize (return of not played rates) in accordance with legislation about AML/CFT/CFP;

- duties of organizers of gambles:

- to make reception of rates and (or) a transfer of prizes (return of not played rates) via electronic money only with identification of the natural person;

to carry out transfer of prizes (the returned not played rates) to the current (settlement) and other bank account from which the participant of gambling transferred money necessary for participation in gambling, or to an e-wallet from which the electronic money were transferred by the participant ;

to provide recording of the persons entering the gambling institution, participants of gambles including receiving of a prize by them, and storage of this record not less than 30 days from the date of its recording.

To account the involvement of founders of the legal entities, which are carrying out activity in the sphere of a gaming on the maintenance of a virtual gambling institution and also of the engagement of the heads and deputies into the processes of receiving and (or) legalization of income obtained in the criminal way, financings of terrorist activity and financing of proliferation of weapons of mass destruction, the Decree provided the license requirements of no violations to the legislation in the AML/CFT/CFP sphere, and no criminal record for committing of crimes against a procedure of economic activity by founders, heads and deputy organizers of gambles. To confirm the compliance of license requirements the applicants of the license will be obliged to provide information on absence of conviction from the law-enforcement authorities to the licensing body.

Frequently asked questions on filling of special forms

The requirements on filling, submission, registration, accounting and storage of the special forms of registration of the financial operations that are subject to special control (further – the special form) are defined in the Instruction about an order of filling, submission, registration, accounting and storage of special forms of registration of the financial operations that are the subject to special control, approved by the Resolution of Council of Ministers of the Republic of Belarus dated March 16, 2006 № 367 (hereinafter – Instruction № 367).

Question: what is the correct way to arrange the sheets in the special form if there are two sellers and one buyer under the real estate sales contract?

Answer: in case of alienation of money is carried out by several participants of financial operation (two sellers in this case), the sheets of the special form are settled down as follows:

the information about one of the participants of financial operation who is carrying out alienation (transfer) of money (one of sellers) is specified – on the second sheet of the special form;

the information about the participant getting (receiving) money (about the buyer) – on the third leaf;

the information about other participants of financial operation who are carrying out alienation (transfer) of money (the second seller) – on the fourth and the subsequent sheets.

Question: the participant of financial operation is a citizen of the Republic of Belarus, he has the passport of the PP series and constantly lives outside the Republic of Belarus. How to fill the field 7.2. «Sign of residence» in the specified case?

Answer: the field 7.2 «Sign of residence» is filled according to the parts 3 and 4 of the Article 1 of the Law of the Republic of Belarus dated 30.06.2014 № 165-Z «On measures for prevention of laundering of criminal proceeds, financing of terrorism and financing of proliferation of weapons of mass destruction». According to the Law № 165-Z the citizens of the Republic of Belarus are understood as residents irrespective of the place of the actual accommodation. Thus, when filling the field it is necessary to specify «1».

Question: if the participant of financial operation is the person without citizenship, but has residence permit in the Republic of Belarus (field 7.7.). Is it possible to leave the column «nationality» empty and how to fill the field 7.2. «Sign of residence» in the specified case?

Answer: Field 7.7. should be filled in, because according to paragraph 55 of the Instruction № 367 the code of the country which has given residence permit is specified in the field. In our case – «112».

The foreign citizens and the persons without citizenship who were permission to full-time residence in the Republic of Belarus are considered the residents by the Law № 165-Z. It is necessary to specify «1» in the field 7.2.

Question: the second time the receipt with the result of control «0» was received on the same financial operation. Which of the special forms is necessary to present replacing special form to?

Answer: if the receipt was received on the results of processing of the special form, which contains the message on the revealed mistakes in the replacing special form, replacement of this special form is carried out, it means that there is a consecutive chain of replacements.

Example: *In the special form dated on 21.05.2019 № 123456789-000-000001 the following mistakes were made. 23.05.2019 the person, which submitted the special form, received the receipt with the result of control «0», so it is necessary to make replacement of the special form. The replacing special form goes not later 24.05.2019 with new number in this case. It is necessary to correct the mistakes made, in the field 1 «A type of the special form» to specify 2, in the field 4.1 «Number» - «123456789-000-000001», and in the field 4.2 «Date» - «21.05.2019». The replacing special form will have №. 123456789-000-000002 dated 24.05.2019.*

Question: In the receipts received, the following mistake is made: the special form is not created from the entering file in connection with a critical mistake, the special form with specified number and the year was submitted earlier. How to make a replacement of this special form?

Answer: as for the mentioned mistake the Department of Financial Monitoring has not accepted the file of the special form in processing. The replacement is carried out by submission of the new special form with new serial number, which is specified in the field «Number», and with actual date of representation, which is specified in the field «Date». At the same time, in the field 1 «A type of the special form» 1 is specified – the special form is submitted for the first time.