



FINANCIAL
INTELLIGENCE
OF UKRAINE

20
YEARS
OF DEVELOPMENT AND ACHIEVEMENTS



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Kyiv 2022

Editorial board:

Igor Cherkaskyi – Dr. Sc. in Economics, Head of the State Financial Monitoring Service of Ukraine

Igor Gaievskiy – Ph. D. in Law, Ass. Prof., First Deputy Head of the State Financial Monitoring Service of Ukraine

Vitaliy Zubriy – Deputy Head of the State Financial Monitoring Service of Ukraine

Oleksandr Hlushchenko – Ph. D. in Economics, Ass. Prof., Director of Financial Monitoring System Coordination Department of the State Financial Monitoring Service of Ukraine

Vitaliy Khyliuk – Director of Financial Investigations Department of the State Financial Monitoring Service of Ukraine

Contributors:

Volodymyr Davydiuk – Director of Information Technologies Department of the State Financial Monitoring Service of Ukraine

Andrii Oprysok – Head of International Cooperation Division of the State Financial Monitoring Service of Ukraine

Liubov Pidhorodetska – Deputy Director of Financial Investigations Department of the State Financial Monitoring Service of Ukraine

Nataliia Poplevicheva – Head of Division for Planning, Performing Budget, Accounting and Human Resources of the State Financial Monitoring Service of Ukraine

Vitalii Skladannyi – Head of Legal Division of the State Financial Monitoring Service of Ukraine

Anatolii Khomenko – Head of Division for Control and Administrative and Economic Work of the State Financial Monitoring Service of Ukraine

Viktor Savchuk – Deputy Director of Financial Monitoring System Coordination Department – Head of Unit for Financial Monitoring System Development Strategy of the State Financial Monitoring Service of Ukraine

Rostyslav Marchuk – Ph. D. in Law, Professor, Director of State Institution of Postgraduate Education «Financial Monitoring Academy»

Volodymyr Trotsan – Director of State Enterprise «Operational and property management»

Financial Intelligence of Ukraine. 20 years of development and achievements: Collection of materials on the occasion of the 20th anniversary of the State Financial Monitoring Service of Ukraine – K., 2022. – 154 p.

January 10, 2022 is the twentieth anniversary of the establishment of national financial intelligence unit, the State Financial Monitoring Service of Ukraine. This Collection was compiled to cover the work of the Financial Intelligence Unit of Ukraine, that is the SFMS, for the period of 20 years. Along with financial investigations and statistics, the Collection provides the history of the development of the national financial monitoring system over the past two decades. The publication is intended for broad spectrum of the public, the professional community and all those involved in research in the field of preventing and counteracting legalization (laundering) of proceeds from crime, terrorist financing and financing the proliferation of weapons of mass destruction.



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Dear Ukrainians!

January 10, 2022 marks the 20th anniversary of the establishment of the financial intelligence. For the State Financial Monitoring Service of Ukraine (SFMS), these 20 years have been years of courage and efforts, challenges and determination, inspiration and victories.

What does this event mean for our State, for our team, for me personally and for the citizens of Ukraine in the whole?

For Ukraine, these are the years of reliable service to its interests and increase of its international standing in the world as a highly efficient and professional financial intelligence unit.

For the SFMS staff, it means an interesting, reliable, prestigious and responsible job, where each employee is treated with respect.

For me, it is pride and inspiration to work for Ukraine and its prosperity!

For the citizens of Ukraine, it means confidence in the future and their daily financial security.

I sincerely thank everyone involved in the creation and establishing the financial intelligence unit of Ukraine!

I wish all the employees of the SFMS health and strength for new achievements!

Glory to Ukraine!



Head of the State Financial
Monitoring Service of Ukraine
Igor Cherkaskyi



1.

KEY FIGURES/20 YEARS

The SFMS provides generalization of administrative reporting and publication of comprehensive administrative reporting in the field of prevention and counteraction.

Resolution of the Cabinet of Ministers of Ukraine of August 5, 2020 No 692



- ▶ More than **56 million** financial transactions reports have been received and processed
- ▶ More than **13.7 thousand** referrals have been sent to law enforcement agencies
- ▶ The court considered more than **1000** criminal cases where case referrals provided by the SFMS were used
- ▶ Funds (property) returned to the state revenue subsequent to the results of court judgments has amounted to UAH **39.7 billion**
- ▶ More than **8,000** requests have been sent to the FIUs of foreign states
- ▶ More than **7,000** requests from FIUs of foreign states have been received
- ▶ More than **250** regulatory legal acts have been developed
- ▶ More than **800** draft regulatory legal acts of other state bodies have been considered and approved
- ▶ **100** meetings of the Government Council on AML/CFT have been organized and held
- ▶ **65** meetings of the Public Council have been organized and held
- ▶ **63** meetings of Working Groups on problematic issues of reporting entities have been organized and held
- ▶ **2** rounds of National Risk Assessment (NRA) have been conducted
- ▶ **17** typological studies have been prepared and published
- ▶ **18** annual reports have been prepared and published
- ▶ **82** Memoranda of Understanding have been signed with FIUs of foreign countries
- ▶ Participation in **1 thousand** international events
- ▶ **16.6 thousand** methodological and explanatory documents have been prepared
- ▶ More than **19 thousand** financial monitoring specialists have been trained by Academy of Financial Monitoring

2.

INFORMATION CARD

The SFMS has an effective strategy to prevent money laundering. SFMS is a young organization and therefore did not have to deal with established structures and methods. This is probably the most advanced body in Ukraine.

EU Evaluation Mission in Ukraine (May, 2006)

Identification components	Verification information
National status	The SFMS is the central executive body, the activities of which are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance and which implements the state policy in the field of AML/CFT
International status	The SFMS is the financial intelligence unit of Ukraine
Legislative mandate	The SFMS operates on the basis of the Law of Ukraine «On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction»
Mission	To think globally and act locally in the field of prevention and counteraction
Vision	The SFMS ensures stable development of the system of anti-legalization financial monitoring as an effective, efficient and coordinated part of public administration, in order to promote sustainable economic development and protect the financial interests of Ukraine
Motto	Experience. Knowledge. Result/We can. We know. We achieve.
Organizational structure	The SFMS has the staff of 237 people working in 9 independent units that provide financial investigations, IT work, interagency coordination, legal, international and other activities

Identification components	Verification information
The main product of the work	The SFMS prepares case referrals on financial transactions subject to financial monitoring and following the results of the analysis of which suspicions have raised, and sends these materials to law enforcement and intelligence agencies
International cooperation	The SFMS cooperates with competent bodies of foreign states and international organizations in the field of AML/CFT, in particular with FATF, MONEYVAL, Egmont Group, UNODC, World Bank, OSCE, EU Anti-Corruption Initiative in Ukraine, IMF and others
The main IT resource	The SFMS has created and continues to ensure the functioning Unified information system in the field of AML/CFT
Coordinating role	The SFMS coordinates the work of the AML/CFT Council
Risk-oriented approach	The SFMS provides the National Risk Assessment in the field of AML/CFT every three years
Typological researches	The SFMS annually carries out and publishes typological studies of ML/FT schemes
Training Platform	The SFMS provides coordination of educational processes on the basis of Academy of Financial Monitoring operating in the field of management of the SFMS
Public Control	The SFMS provides organizational support of the work of the Public Council, operating within the SFMS



Identification components	Verification information
Social Networks	The SFMS moderates the website https://fiu.gov.ua * and is officially represented by the following pages on social networks: Facebook, Twitter, LinkedIn, Telegram and YouTube
Symbols	The SFMS has the emblem, the flag and awards
Office	The SFMS occupies a separate building with all communications necessary for its work at 24, Biloruska street, Kyiv.
Video presentation	The SFMS has a video presentation on its work: https://www.youtube.com/watch?v=PCv7J4Vy3I8

*The website of the SFMS www.sdfm.gov.ua operated during 2003-2020

3.

THE HISTORY OF INSTITUTIONAL DEVELOPMENT

According to the FATF Standards and the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism, ratified by Ukraine on November 17, 2010, each country must have a Financial Intelligence Unit (FIU), which is a national center for receiving and analyzing of suspicious transactions and other information related to ML, associate predicate offenses reports and FT, and for dissemination of the results of this analysis.

According to the Law of Ukraine "On Ratification of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism", the State Financial Monitoring Service of Ukraine (SFMS) is the body authorized by Ukraine to perform the functions of a financial intelligence unit.

Chronology of events

2001

- ▶ December, 2001 – The President of Ukraine instructed the Cabinet of Ministers of Ukraine to establish the State Department of Financial Monitoring (Presidential Decree of 10.12.2001 No. 1199)

2002

- ▶ January, 2002 – The Government established the State Department of Financial Monitoring as a governmental body of public administration with a special status within the Ministry of Finance of Ukraine (Resolution of the Cabinet of Ministers of Ukraine of 10.01.2002 No. 35)
- ▶ February, 2002 – The Government approved the Regulation on the State Department of Financial Monitoring (Resolution of the Cabinet of Ministers of Ukraine of February 18, 2002 No. 194)
- ▶ The SFMS was located in the premises of the Ministry of Finance of Ukraine (11 Mezhyhirska Street, Kyiv)
- ▶ May, 2002 – The AML/CFT Program for 2002 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of 15.05.2002 No. 676)
- ▶ November, 2002 – The Verkhovna Rada of Ukraine adopted the first Basic Law – the Law of Ukraine «On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime» (Law of Ukraine of 28.11.2002 No. 249)

2003

- ▶ January, 2003 – The AML/CFT Program for 2003 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of January 29, 2003 No. 140)
- ▶ June, 2003 – the first Basic Law entered into force. The SFMS started its full-fledged functional activity (12.06.2003)
- ▶ September, 2003 – The 2nd round of evaluation of Ukraine by the MONEYVAL Committee took place
- ▶ September, 2003 – The SFMS signed the first Memorandum of Understanding with the FIU of the Kingdom of Belgium
- ▶ October, 2003 – The Government established an Interdepartmental Working Group on AML/CFT (Resolution of the Cabinet of Ministers of Ukraine of October 2, 2003 No. 1565)
- ▶ December, 2003 – the Program of creation of the Unified state information system in the field of AML/CFT was approved (Resolution of the Cabinet of Ministers of Ukraine of 10.12.2003 No. 1896)

2004

- ▶ January, 2004 – the AML/CFT Program for 2004 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of January 16, 2004 No. 45)
- ▶ February, 2004 – Ukraine was excluded from the FATF «black list»
- ▶ June, 2004 – The SFMS became a member of the Egmont Group of Financial Intelligence Units
- ▶ May, 2004 – The Verkhovna Rada of Ukraine adopted the Law of Ukraine on upgrading the status of the SFMS to the level of the central executive body (Law of Ukraine of 18.05.2004 No. 1726-IV)
- ▶ September, 2004 – On the basis of the State Department of Financial Monitoring the President of Ukraine established the State Committee of Financial Monitoring of Ukraine as a central executive body with a special status (Presidential Decree of 28.09.2004 No. 1144)
- ▶ December, 2004 – the Government established the Training and Methodological Center of the SFMS, the main tasks of which are retraining and advanced training of specialists in financial monitoring (Order of the Cabinet of Ministers of Ukraine of 13.12.2004 No. 899)

2005

- ▶ January, 2005 – According to the Law, the SFMS became the central executive body
- ▶ with the support of the MOLI-UA international technical assistance project (from February 2003 to June 2005), the SFMS built one of the most modern and complex information and analytical systems of that time in the world
- ▶ August, 2005 – Action Plan on AML/CFT for 2005 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of August 10, 2005 No. 736)
- ▶ August, 2005 – The Government approved the Concept of the Development of the AML/CFT System until 2010 (Resolution of the Cabinet of Ministers of Ukraine of August 3, 2005 No. 315)
- ▶ by the decision of the Cabinet of Ministers of Ukraine the SFMS was headquartered in a separate administrative building No. 24 in Biloruska Street, Kyiv
- ▶ November, 2005 – a regional unit of the SFMS was established in Lviv (in the years that followed regional departments were established in all regions of Ukraine)

2006

- ▶ February, 2006 – FATF decided to terminate the procedure of active monitoring of Ukraine following the results of Ukraine's implementation of all FATF recommendations and on the basis of the progress made by Ukraine in improving national legislation in the field of AML/CFT
- ▶ March, 2006 – Action Plan on AML/CFT for 2006 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of March 18, 2006 No. 359)
- ▶ June, 2006 – The President of Ukraine established the symbols of the SFMS (Decree of the President of Ukraine of 15.06.2006 No. 526/2006)
- ▶ the office of the SFMS Training and Methodological Center was established in the Western region (Lviv)

2007

- ▶ January, 2007 – Action Plan on AML/CFT for 2007 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of January 31, 2007 No. 136)
- ▶ The implementation of the MOLI-UA 2 AML/CFT Project in Ukraine was continued (the European Union Program for Ukraine)
- ▶ October, 2007 – The meeting of the working groups of the Egmont Group of the FIUs, attended by the representatives of 51 countries and 5 international organizations, whose specialists are world-renowned specialists in the field of AML/CFT was held in Kyiv.

2008

- ▶ March, 2008 – Action Plan on AML/CFT for 2008 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of March 19, 2008 No. 227)
- ▶ September-October, 2008 – the 3rd round of the mutual evaluation of Ukraine by the MONEYVAL took place. The relevant report was adopted subsequently
- ▶ December, 2008 – the European Commission's technical assistance project (MOLI-UA) was being actively implemented in Ukraine
- ▶ December, 2008 – Action Plan on AML/CFT for 2009 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of December 10, 2008 No. 1077)
- ▶ The office of the Training and Methodical Center of the SFMS was established in the Eastern region (Kharkiv)

2009

- ▶ March, 2009 – A working group on considering problematic issues of the reporting entities was set up within the SFMS
- ▶ October, 2009 – Action Plan on AML/CFT for 2010 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of September 21, 2009 No. 1119)
- ▶ during the year, the SFMS signed 7 international memoranda, including the one with the FIU of USA

2010

- ▶ January, 2010 – The Government established a new interdepartmental Council on AML/CFT (Resolution of the Cabinet of Ministers of Ukraine of 06.01.2010 No. 25)
- ▶ February, 2010 – Ukraine was included in the so-called «gray list» of FATF
- ▶ December, 2010 – The President of Ukraine reorganized the State Committee of Financial Monitoring of Ukraine and established the State Financial Monitoring Service of Ukraine as the central executive body (Decree of the President of Ukraine of 09.12.2010 No. 1085)

2011

- ▶ March, 2011 – The Government approved the Development Strategy of the AML/CFT system for the period up to 2015 (Resolution of the Cabinet of Ministers of Ukraine of March 9, 2011 No. 190)
- ▶ March, 2011 – Action Plan on AML/CFT for 2011 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of March 9, 2011 No. 270)
- ▶ September, 2011 – the experts from FATF Regional Monitoring Group for Europe/Eurasia (EERG) visited Ukraine
- ▶ October, 2011 – The participants of both FATF Control Group on International Cooperation (ICRG) and FATF Plenary Meeting unanimously confirmed that Ukraine had fulfilled its commitments, and decided to stop monitoring Ukraine and remove it from the list of countries with strategic shortcomings in AML/CFT systems
- ▶ December, 2011 – Action Plan on AML/CFT for 2012 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of December 28, 2011 No. 1379)
- ▶ In 2011, the Regional Units of the SFMS were withdrawn

2012

- ▶ January, 2012 – the 10th anniversary of the SFMS was celebrated (10.01.2002)
- ▶ March – November 2012 – The Verkhovna Rada of Ukraine amended the Criminal Procedure Code of Ukraine (Law of Ukraine of 13.04.2012 No. 4651), the Law of Ukraine on Client Identification (Law of Ukraine of 20.11.2012 No. 5492) and on determining the status of the SFMS (Law of Ukraine of 16.10.2012 No. 5463)
- ▶ December, 2012 – MONEYVAL approved the second follow-up report of Ukraine in the field of AML/CFT

2013

- ▶ March, 2013 – Action Plan on AML/CFT for 2013 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of March 11, 2013 No. 155)
- ▶ December, 2013 – Action Plan for 2014 on AML/CFT was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of December 25, 2013 No. 971)

2014

- ▶ October, 2014 – The Verkhovna Rada of Ukraine adopted a new Law of Ukraine «On Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime or Terrorist Financing and Financing Proliferation of Weapons of Mass Destruction» (Law of Ukraine of October 14, 2014 No. 1702)
- ▶ The SFMS identified and blocked funds in the accounts of non-resident companies on the territory of Ukraine in the amount of about USD 1.5 billion, which were arrested by court decisions

2015

- ▶ March, 2015 – Action Plan on AML/CFT for 2015 was adopted (Resolution of the Cabinet of Ministers of Ukraine and the NBU of March 11, 2015 No. 99)
- ▶ July, 2015 – The Government approved a new Regulation on the State Financial Monitoring Service of Ukraine (Resolution of the Cabinet of Ministers of Ukraine of July 29, 2015 No. 537)
- ▶ September, 2015 – The SFMS presented a scientific and practical commentary to the Law
- ▶ September, 2015 – MONEYVAL stopped active monitoring of Ukraine following the results of the 3rd round of evaluation
- ▶ December, 2015 – The Government approved the Strategy for the development of AML/CFT system until 2020 (Order of the Cabinet of Ministers of Ukraine of 30.12.2015 No. 1407)

2016

- ▶ February, 2016 – Action Plan on AML/CFT for 2016 was adopted (Resolution of Cabinet of Ministers of Ukraine and the NBU of February 11, 2016 No. 103)
- ▶ August, 2016 – The Government approved the Strategy for Reforming the Reporting System (Order of the Cabinet of Ministers of Ukraine of August 23, 2016 No. 608-r)
- ▶ December, 2016 – The SFMS completed the first round of NRA and held a public presentation of the Report on its implementation

2017

- ▶ March-April, 2017 – MONEYVAL Committee onsite visit took place in Ukraine within the framework of the 5th round of mutual evaluation
- ▶ April, 2017 – the court decided to confiscate about USD1.5 billion, which were detected and blocked by the SFMS, into the State revenue
- ▶ August, 2017 – The Government approved Action Plan on AML/CFT for 2017 – 2019 (order of the Cabinet of Ministers of Ukraine of 30.08.2017 No. 601-r)
- ▶ December, 2017 – MONEYVAL adopted the Report on the results of the 5th round of mutual evaluation of Ukraine
- ▶ December, 2017 – the Training and Methodological Center of the SFMS was reformed into the State Institution of Postgraduate Education «Financial Monitoring Academy»

2018

- ▶ January, 2018 – MONEYVAL published the report on the results of the 5th round of mutual evaluation of Ukraine
- ▶ September, 2018 – The Egmont Group of Financial Intelligence Units recognized the SFMS investigation as the winner of the Best Egmont Case Award
- ▶ December, 2018 – The SFMS presented the AML/CFT Glossary

2019

- ▶ July, 2019 – MONEYVAL adopted the first Report on the progress of Ukraine based on the results of the 5th mutual evaluation round
- ▶ December, 2019 – The Verkhovna Rada of Ukraine adopted a new version of the Basic Law, implementing the 4th EU Anti-Legalization Directive (Law of Ukraine of December 6, 2019 No. 361)
- ▶ December, 2019 – The SFMS completed the second round of the NRA and held a public presentation of the Report on its implementation

2020

- ▶ April, 2020 – The State Institution of Postgraduate Education «Academy of Financial Monitoring» introduced a digital platform for distance learning
- ▶ July, 2020 – MONEYVAL adopted the second Report on the progress of Ukraine based on the results of the 5th mutual evaluation round
- ▶ December, 2020 – The SFMS conducted integral panel discussion “Financial Monitoring 2020”

2021

- ▶ May, 2021 – The Government approved the Main Directions of the Development of the National AML/CFT System until 2023 and Action Plan for their Implementation (Order of the Cabinet of Ministers of Ukraine of 12.05.2021 No. 435-r)

4.

HUMAN RESOURCES. ORGANIZATIONAL STRUCTURE. CORE FUNCTIONS

"I am proud of my team. This is a team of professional and honest specialists who perform extremely complex analytical tasks. A great achievement for the country is that financial intelligence maintains a tradition of stability and consistency. We show the result and are ready to act further."

Igor Cherkaskyi, Head of the SFMS

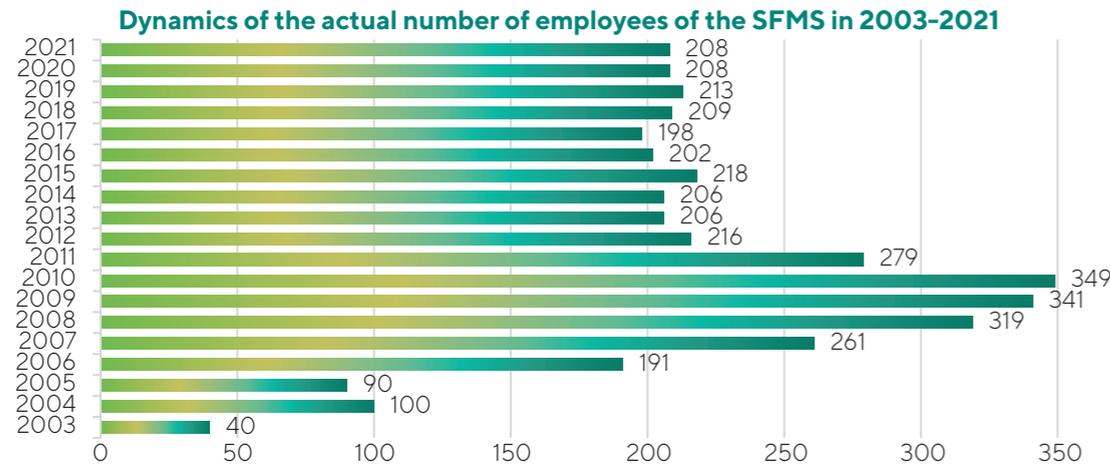
In accordance with the requirements of the legislation on civil service, the SFMS introduces a transparent system of human resources management, which is implemented by the Head of the SFMS as the head of the civil service. In its activities, the SFMS adheres to the principles and values of public administration defined by the Law of Ukraine «On Civil Service», such as patriotism, transparency, rule of law, legality, integrity, ensuring equal access to civil service, professionalism, etc.

The main provisions that form the organizational culture of the SFMS are defined by the Collective Agreement between the State Financial Monitoring Service of Ukraine and the staff of the institution for the period of 2018–2023, approved by the general meeting of the staff of the State Financial Monitoring Service of Ukraine on June 19, 2018. In particular, the Collective Agreement ensures the prohibition of discrimination in any form and equal rights and opportunities for both women and men, and defines mutual labor and socio-economic relations in the staff.

The Head of the SFMS has approved the HR Strategy of the State Financial Monitoring Service of Ukraine for the period of 2020 – 2021, which defines the strategic goal, objectives, principles, strategic directions of work with the staff, as well as the main provisions of HR policies.

The Goal of the HR Strategy: effective formation, involvement and development of human resources in a certain legal space, taking into account changes in the surrounding environment to maximize the achievement of strategic goals and objectives of the SFMS.

The staffing level of the SFMS is 237 staffing positions, including 2 positions of the employees performing service functions. As of October 1, 2021, the SFMS actually employs 201 civil servants and 2 employees of service personnel.



Pic. 4.1. Dynamics of the actual number of employees of the SFMS in 2003-2021

The analysis of the quality structure of civil servants (as of 01.10.2021)

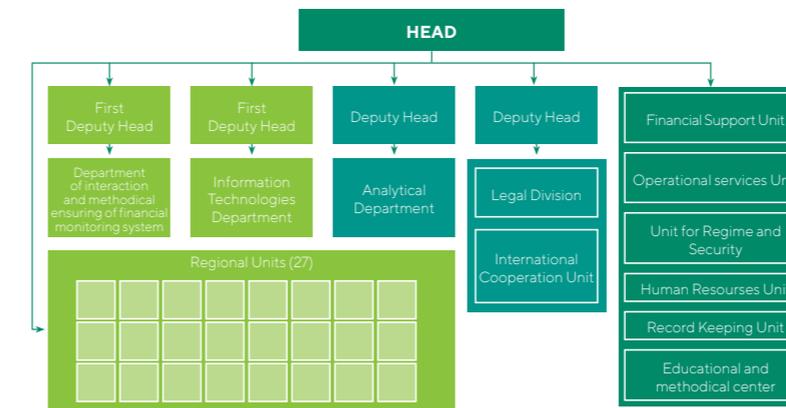
Age Groups	Under 28 – 69, 29 – 35 years old – 76, 36 – 46 years old – 30, 47 – 60 years old – 26, over 60 – 3
Average age	Under 35
Gender balance	Men – 82 (40,1%), women – 122 (59,9%)
Senior Management (B category)	Men – 31, women – 38
Specialists (C category)	Men – 51, women – 84
Length of service	5-10 years is the average length of service in the SFMS
Work experience	The employees have sufficient work experience in the sphere of taxation and banking
Basic abilities and competencies	flexible thinking, analytical skills, adaptability

Organizational structure

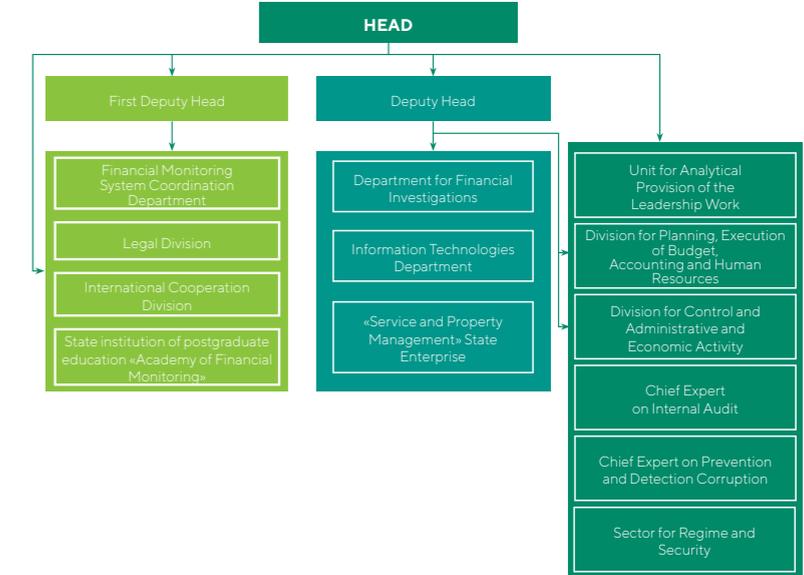
According to the Regulation on the State Department of Financial Monitoring approved by Resolution of the Cabinet of Ministers of Ukraine of 18.02.2002 No. 194, the maximum number of employees and the structure of the SFMS were approved by the Ministry of Finance within the maximum number of employees of the Ministry of Finance approved by the Cabinet of Ministers of Ukraine.

In 2004, the SFMS included 4 departments and 4 independent divisions (offices). The approved number of employees of the SFMS was 100 units as for 2004.

The structure of the State Committee of Financial Monitoring of Ukraine – 2005



The structure of the State Financial Monitoring Service of Ukraine – 2021

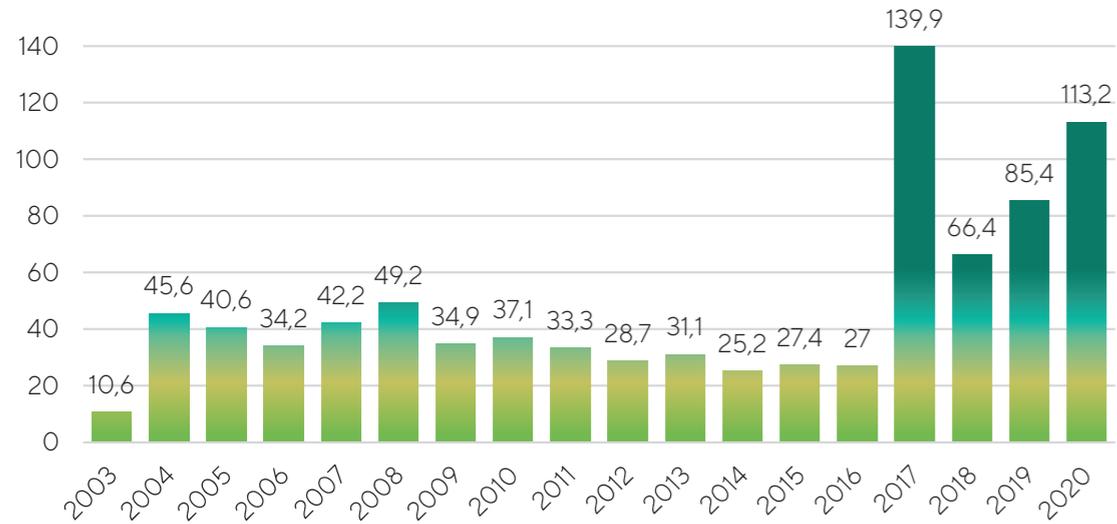


Pic. 4.2. The comparison of the SFMS structures

The maximum number of civil servants and employees of the SFMS staff is approved by the Cabinet of Ministers of Ukraine.

The SFMS is led by the Head, who is appointed and dismissed by the Cabinet of Ministers of Ukraine in accordance with the legislation on civil service, and who has two deputies, including the First one.

Financing of the SFMS in 2003-2020, UAH million



Pic. 4.3. Financing of the SFMS

Functionality

In accordance with the Basic Law and the Regulation on the SFMS, the main tasks and functions of the Service include:

- ▶ implementation of the state policy in the field of AML/CFT;
- ▶ submitting the proposals to ensure the formation of the state policy in the field of AML/CFT to the Minister of Finance's consideration;
- ▶ collecting, processing and analysing (operational and strategic) information on financial transactions subject to financial monitoring, as well as other financial transactions;
- ▶ ensuring functioning and development of a Unified Information System in the field of AML/CFT;
- ▶ conducting NRA;
- ▶ closer cooperation, interaction and information exchange with government agencies, the NBU, competent authorities of foreign countries and international organizations in the field of AML/CFT;
- ▶ In accordance with the established procedure, providing representation of Ukraine in the international organizations concerning the issues of prevention and counteraction.

The main operational processes of the SFMS



Pic. 4.4. Basic operational processes

5.

ANALYTICAL INVESTIGATION

The FIU of Ukraine generates high-level financial intelligence. Spontaneous case referrals regularly initiates investigations into money laundering related to predicate offenses or terrorist financing.

Report of the MONEYVAL Committee of the Council of Europe (December, 2017)

Analytical investigation is the main function of the SFMS to meet the needs of law enforcement agencies in conducting pre-trial investigations in criminal proceedings.

Investigations of financial relations related to criminal activities make it possible to identify and track criminal proceeds and assets that can be confiscated, as well as to obtain evidence that can be used by law enforcement agencies in criminal prosecution, and also to identify those involved in the crime as well as to identify other undisclosed crimes.

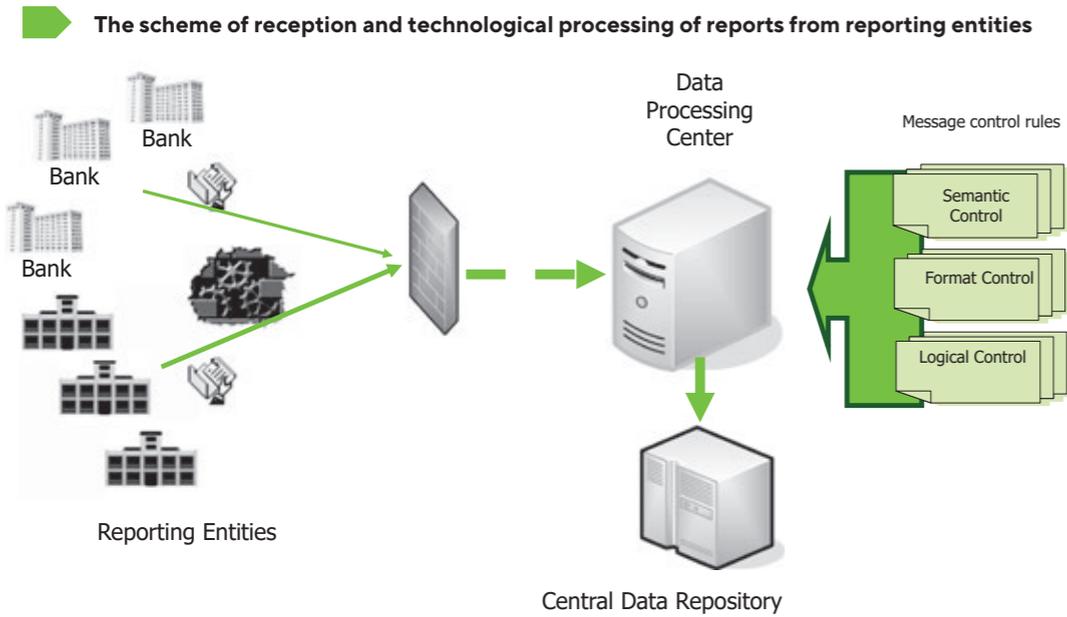
Financial investigations are part of the crime prevention strategy.

Fundamentals of analytical work

Being one of the most important stages of financial intelligence, the analysis process in the SFMS is provided by the Department of Financial Investigations.

The result of the financial investigation is an analytical product – case referral (CR)/ additional case referral (ACR) – which is disseminated to law enforcement or intelligence agencies.

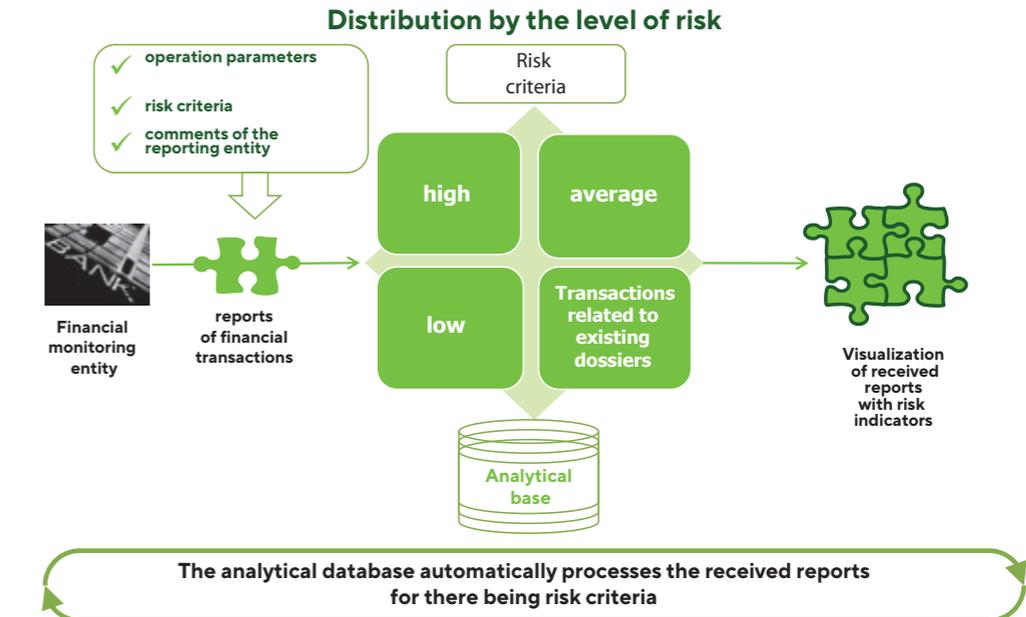
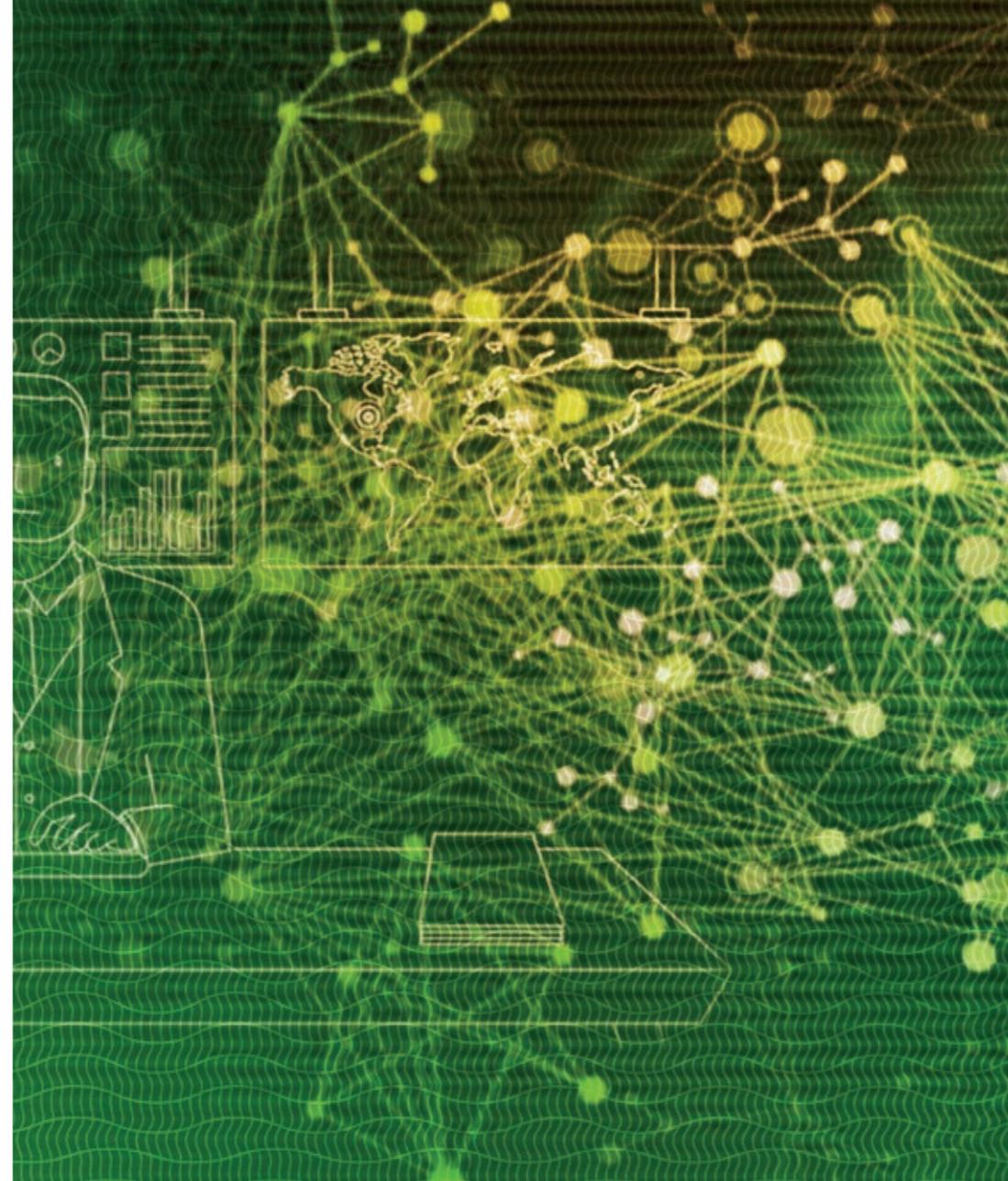
The process of analytical study of reports includes partial automation, which reduces the impact of subjective assessments in decision-making. The study of the obtained information consists of certain stages regulated by the internal documents of the SFMS.



Pic. 5.1. The scheme of receiving and processing information

While processing the information received from the entities regarding financial transactions the following items should be analysed:

- ▶ economic rationale and the purpose of the financial transaction;
- ▶ the type of the asset or method of payment used in the financial transaction as well as the amount of the financial transaction;
- ▶ the compliance of the financial transaction with the nature and scope of the activity of the transaction participant;
- ▶ location, place of permanent or temporary residence of the persons conducting the financial transaction or ultimate beneficial owners, their scope and period of activity;
- ▶ the subject of the agreement between the participants of the financial transaction, as well as financial instruments used during the financial transaction, and other information.

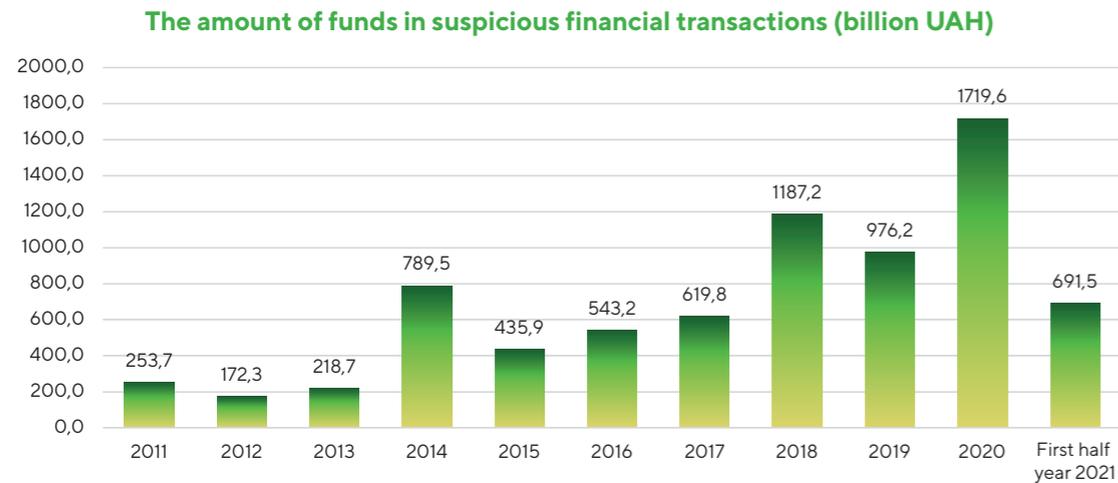


Pic. 5.2. Analytical activity

Based on the results of the analysis of suspicious transactions and other available information, in case of detecting new risks and threats, the SFMS carries out updating the analysis criteria.

The process of initial analysis of information on financial transactions includes several stages.

- ▶ All the input information (reports of financial transactions) received by the SFMS is automatically divided into 3 «levels»:
- ▶ high risk transactions (those with increased importance) – the first level;
- ▶ medium and low risk transactions – the second level;
- ▶ transactions related to other cases – the third level.

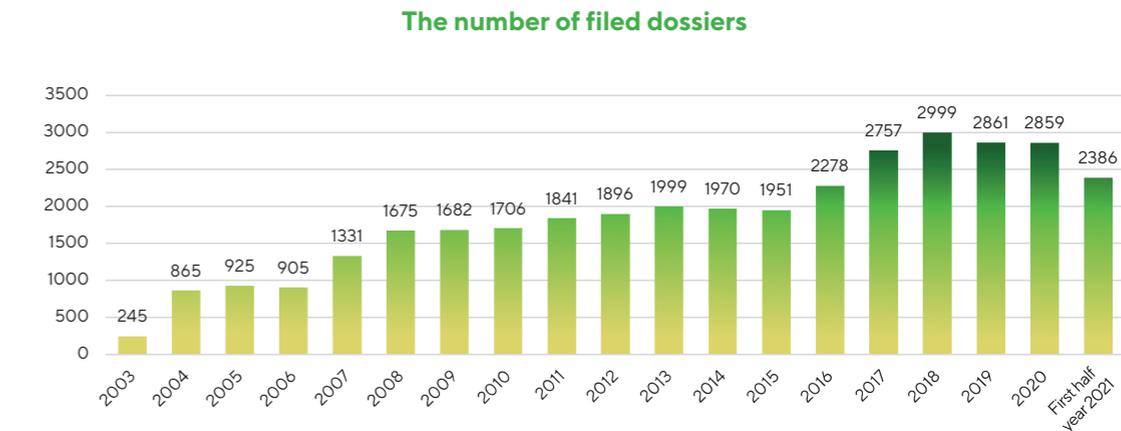
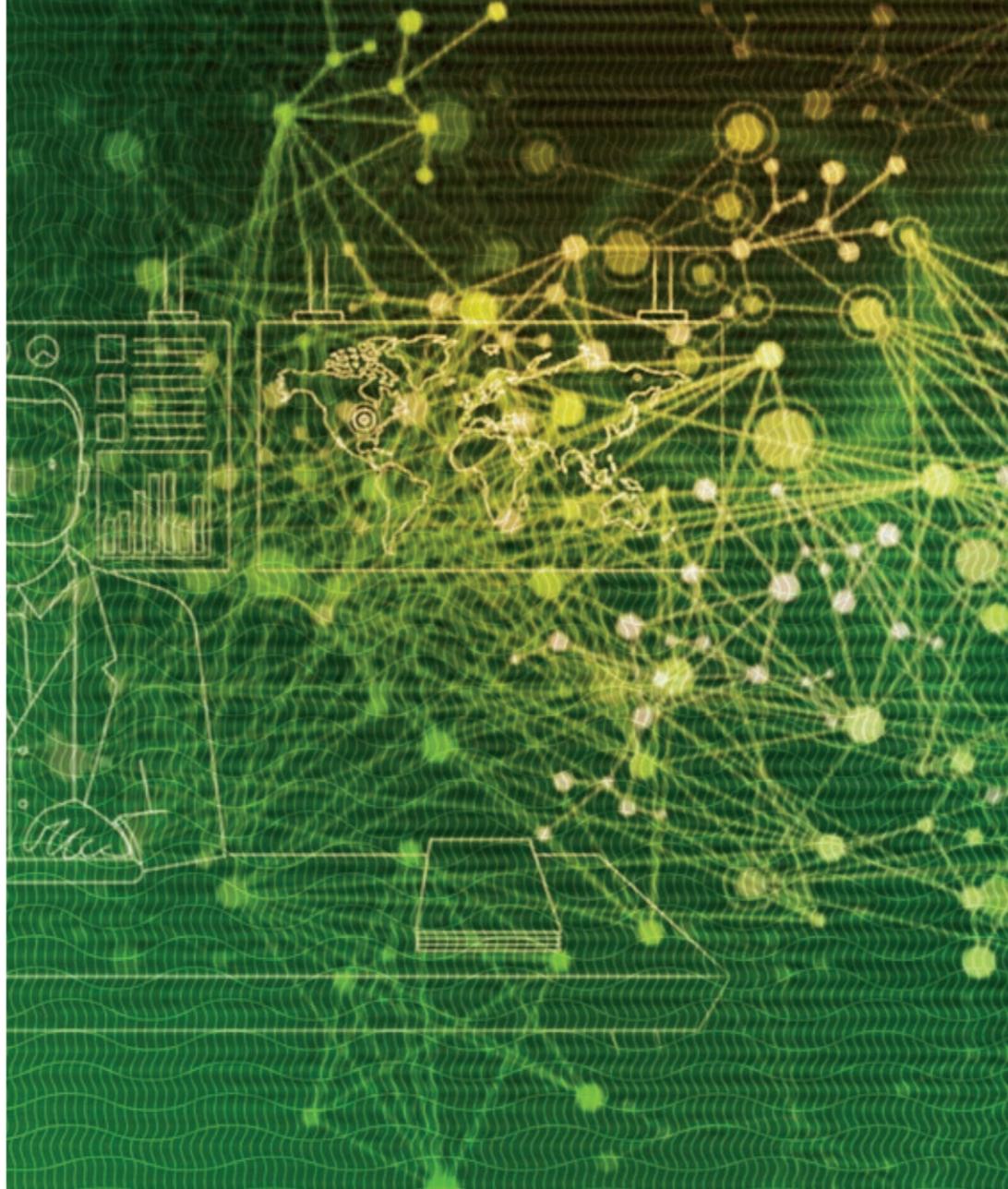


Pic. 5.3. The amount of funds in transactions

When sorted automatically, the first level reports are immediately considered by the analytical unit of the SFMS.

Some of the second level transactions are tested by a certain method of random reports the rest are sent to the archive with the possibility of subsequent review.

The third level transactions are available for analytical processing in the framework of the created dossiers which these transactions are related to.



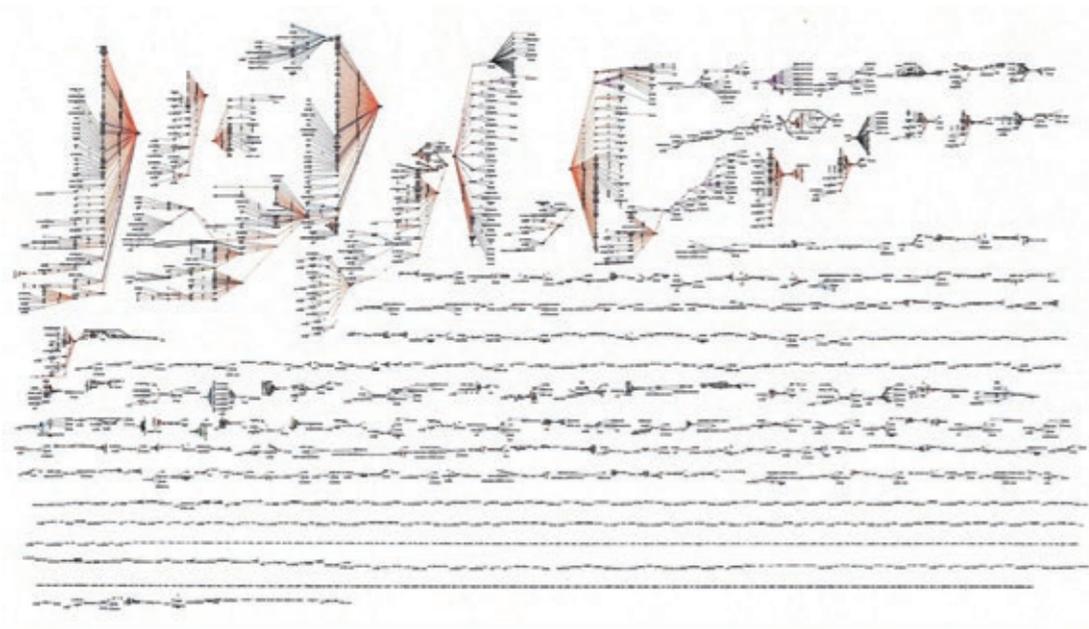
Pic. 5.4. The number of filed dossiers

The initial selection of financial transactions for the analysis of the received reports is carried out on the basis of the previously defined risk criteria for transactions with ML/FT, which are based on:

- ▶ FATF recommendations and typologies;
- ▶ typologies developed by the SFMS;
- ▶ the UN Security Council lists of persons involved in international terrorism;
- ▶ expert assessments of the susceptibility of financial instruments to ML;
- ▶ other criteria established by the SFMS.

According to the established rules, the information and analytical system of the SFMS automatically calculates the degree of risk for each report.

An example of daily visualization



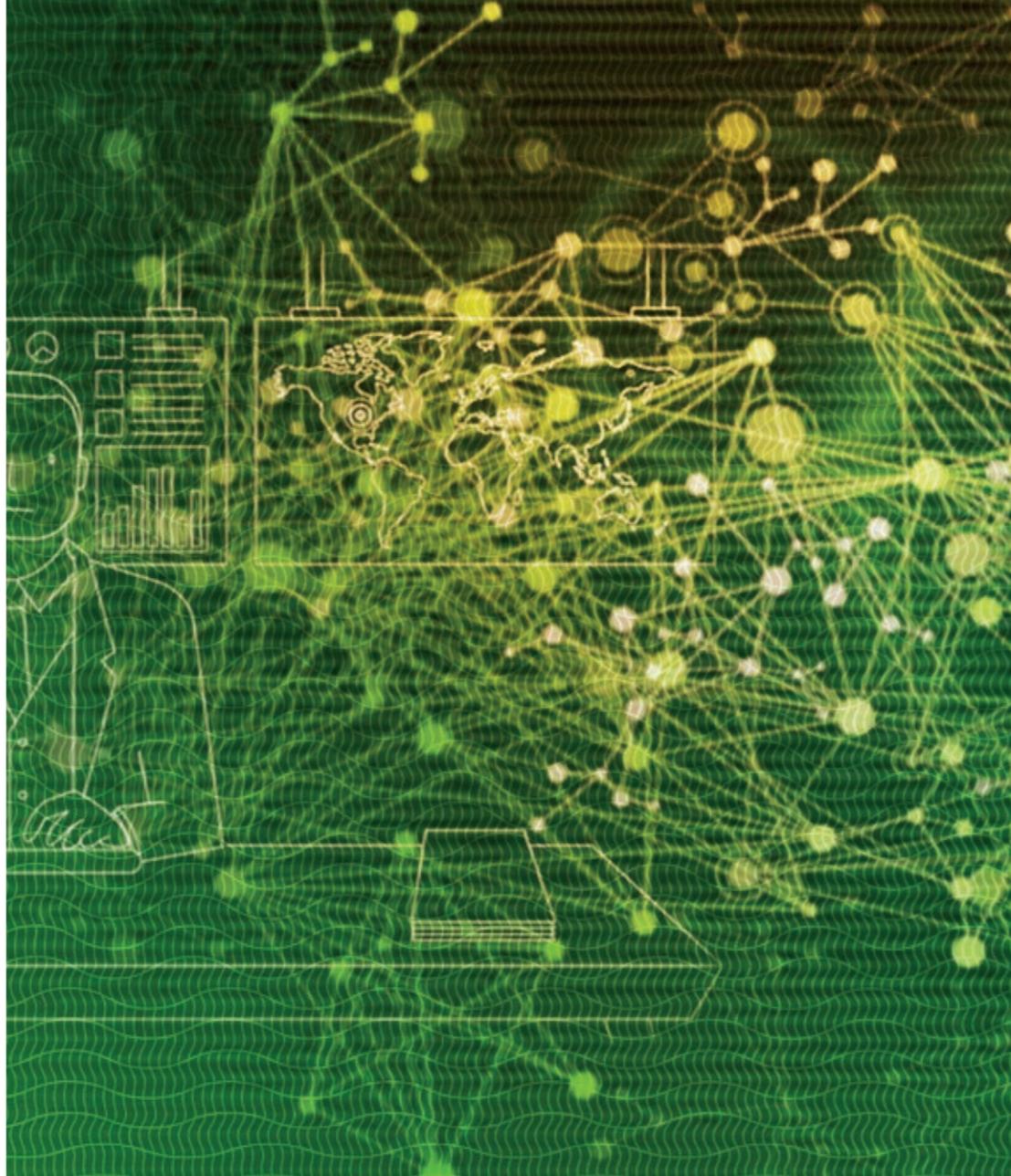
In practice, real schemes may be characterized by a large number of participants and complicated connections

Pic. 5.5. An example of daily visualization

In addition, financial transactions in the «risk zone» (of medium or low level) are subject to investigation.

A certain number of random financial transactions are selected for further analysis.

A dossier, within which the investigation is conducted, is created basing on the results of the comprehensive analysis. Financial transactions in the dossier are analyzed in order to detect the grounds for believing that the financial transaction may be connected with ML/ FT.



Decision making - ML schemes

Software tools for visual analysis which allow to convert data into valuable information are used to display the detected schemes. Such solutions provide opportunities such as visualization of connected networks, analysis of social networks, as well as geospatial or time domains, which help to identify hidden connections between and among the data.

In the course of their work, analysts use OLAP tools (building reports in MicroStrategy, quick analysis and review), visualization of links (the analysis of financial transaction schemes in i2), forming their own «blacklists» and complex database queries, building their own rules on the basis of fuzzy logic (complex inquiries on the basis of several informal criteria).

Most often ML schemes are complex mechanisms. One scheme may contain a set of related transactions and techniques, such as cash withdrawal transactions, securities purchases, settlements with non-residents from offshore zones/jurisdictions, fictitious foreign trade transactions and illegal VAT refunds from the budget, falsification of documents, use of stolen passports, creation of fictitious companies, etc.

Counteraction to FT

There is a special processing procedure for FT reports in the SFMS.

The main feature of working with such reports is extraordinary processing.

When the indications of FT are confirmed by the decision of the expert commission on consideration of case referrals, the information in the form of case referrals is immediately transmitted by the SFMS to the SSU.

Thus, during the period of 2003-2021, the SFMS has disseminated 284 materials (including 206 case referrals and 78 additional case referrals) related to suspicions of terrorism/separatism to law enforcement agencies.

Financial transactions with any suspicions of FT are subject to immediate suspension by the accountable reporting entities and the SFMS.

Currently, the list of persons connected with terrorist activities or subject to international sanctions, which is being formed by the SFMS, includes data on 1003 persons.

Sharing Information with International Partners

Information is shared with 167 foreign FIUs via the secure communication channel Egmont Secure Web (ESW). The exchange of information is carried out spontaneously and on request, basing on the principle of reciprocity.

In addition, in order to improve the efficiency of information exchange, the FIU of Ukraine has concluded Memoranda of Understanding with 82 foreign FIUs, which allows to provide the widest range of relevant information quickly and constructively.

EU and NATO member states

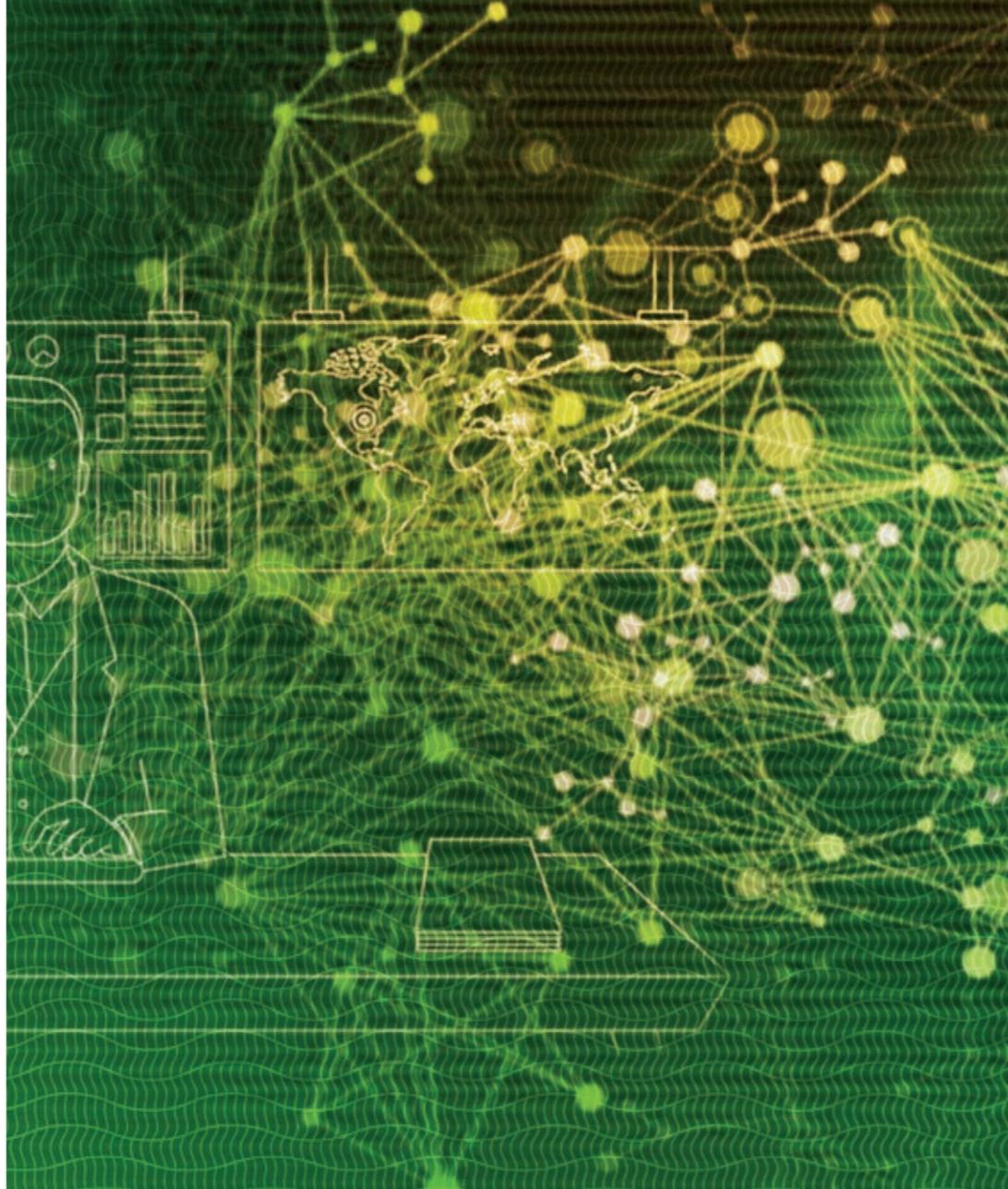
								
The Kingdom of Belgium 19.09.2003	The Slovak Republic 23.09.2003	The Republic of Estonia 20.10.2003	The Kingdom of Spain 21.10.2003	The Italian Republic 11.12.2003	The Republic of Slovenia 11.12.2003	Romania 17.03.2004	The Portuguese Republic 24.03.2004	The Republic of Poland 14.04.2004
								
The French Republic 13.10.2004	The Czech Republic 10.11.2004	The Republic of Bulgaria 20.01.2005	The Republic of Lithuania 23.03.2005	The Republic of Croatia 5.05.2006	The Republic of Latvia 19.05.2008	The Kingdom of the Netherlands 23.12.2008	The Hellenic Republic 10.07.2012	The Kingdom of Denmark 13.03.2013

EU member states

			
The Republic of Cyprus 03.08.2004	The Republic of Finland 10.07.2012	The Republic of Austria 30.01.2019	The Republic of Malta 26.08.2021

NATO member states

					
The Republic of North Macedonia 01.12.2004	The Republic of Albania 06.04.2005	Canada 24.02.2006	The United States of America 27.05.2009	The Republic of Turkey 05.04.2010	The United Kingdom of Great Britain and Northern Ireland 29.11.2018



Other states

								
The Republic of Panama 05.11.2003	The Federative Republic of Brazil 12.07.2004	The Republic of Serbia 12.10.2004	Georgia 18.10.2004	The Republic of Colombia 25.10.2004	Republic of Peru 29.06.2005	The United Mexican States 30.06.2005	The Kingdom of Thailand 19.07.2005	The Republic of Guatemala 03.09.2005
								
The Republic of Korea 23.09.2005	The People's Republic of China 26.06.2006	The Republic of Moldova 14.11.2006	The Republic of Belarus 13.12.2006	The Kyrgyz Republic 13.06.2007	The Federal Republic of Nigeria 17.10.2007	The Republic of Armenia 12.03.2008	Republic of the Philippines 12.03.2008	Principality of Liechtenstein 26.05.2008
								
Syrian Arab Republic 29.09.2008	Australia 27.05.2009	The Isle of Man 24.07.2009	Cook Islands 12.10.2009	The Principality of Monaco 09.11.2009	The Republic of San Marino 10.12.2009	Bermuda 09.03.2010	The Principality of Andorra 17.03.2010	Mongolia 27.05.2010
								
The Republic of Kazakhstan 14.09.2010	Aruba 15.03.2011	The Hashemite Kingdom of Jordan 22.06.2011	The State of Israel 31.01.2012	The United Arab Emirates 10.07.2012	The Republic of Indonesia 10.07.2012	The Russian Federation 11.07.2012	The Arab Republic of Egypt 11.07.2012	Republic of Tajikistan 11.07.2012
								
The Republic of Senegal 24.10.2012	Turkmenistan 13.02.2012	The Republic of India 18.02.2014	The Republic of South Africa 18.02.2014	Guernsey 04.06.2014	The Lebanese Republic 04.06.2014	The Democratic Socialist Republic of Sri Lanka 02.08.2016	Saint Lucia 16.02.2017	The Oriental Republic of Uruguay 06.03.2017
								
The Togolese Republic 27.03.2017	The Islamic Republic of Afghanistan 11.11.2017	The Republic of Uzbekistan 27.02.2018	The Republic of Trinidad and Tobago 08.10.2018	The State of Kuwait 30.01.2019	Japan 12.06.2019	The Kingdom of Saudi Arabia 31.08.2021	The Holy See 31.08.2021	

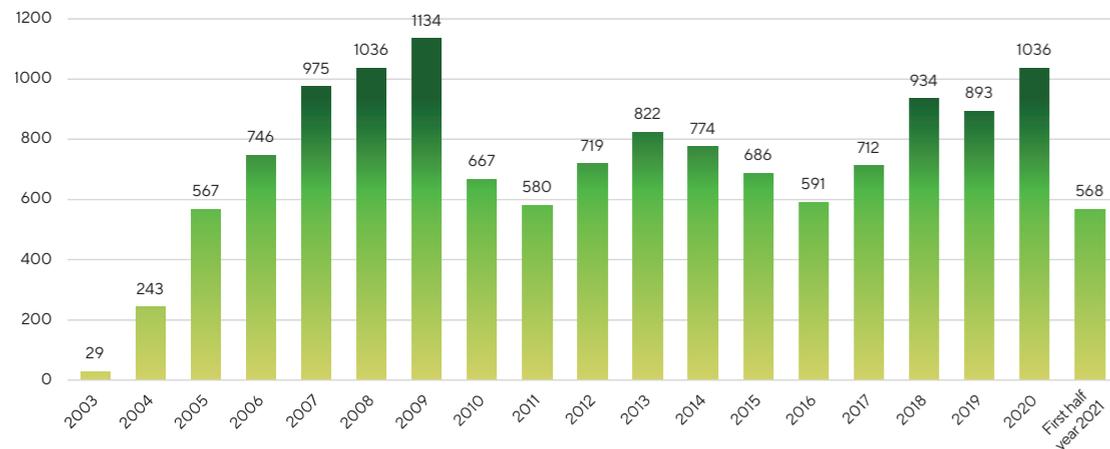
Pic. 5.6. The FIUs of the countries with which Memoranda have been signed

Practical activity

Modern practice of law enforcement and intelligence agencies activity shows that effective combating of crime is impossible without the active use of analytical materials as the result of financial investigations.

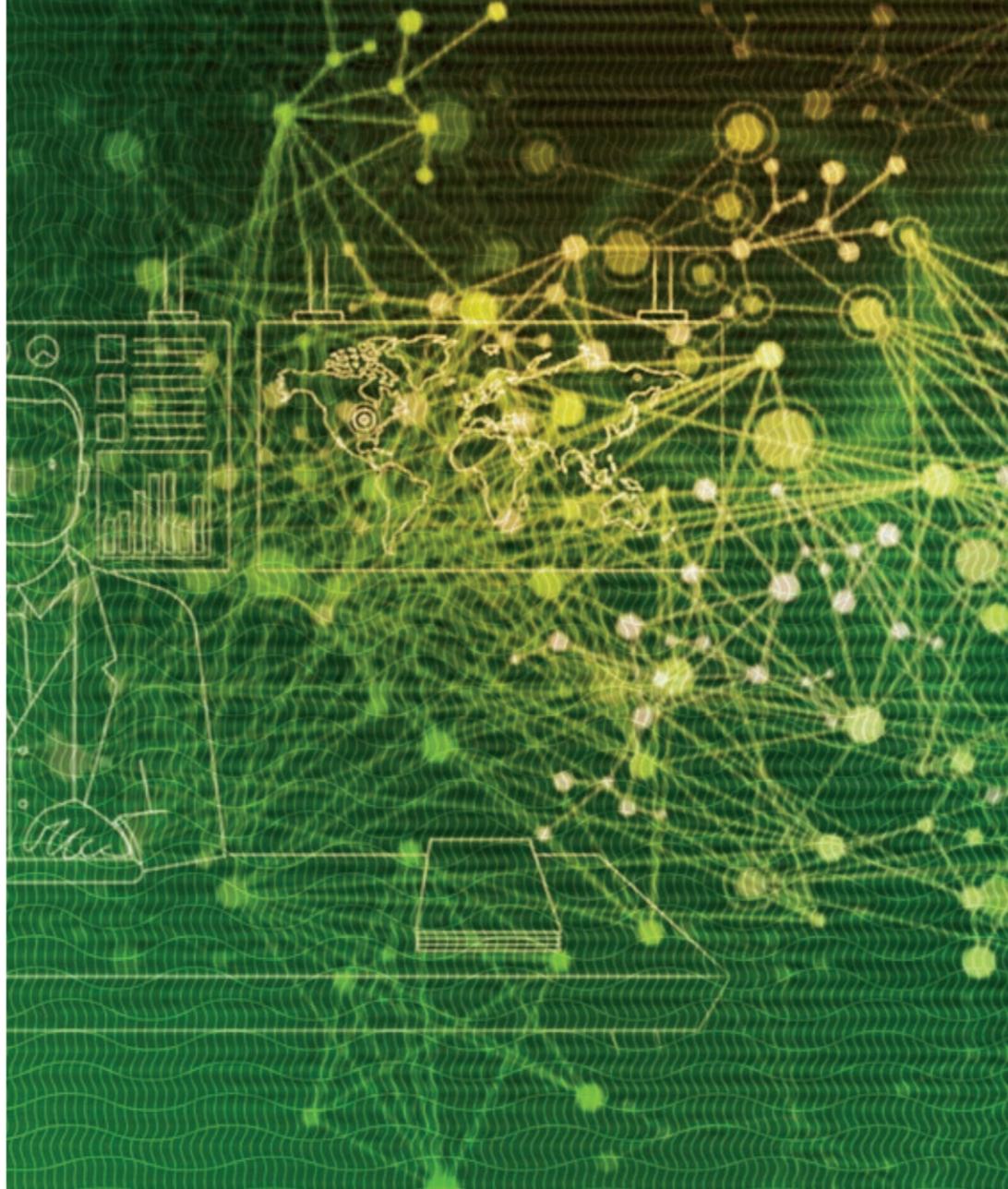
The effectiveness of the mechanism of detecting and investigating economic crimes to some extent depends on the comprehensive investigation of the financial information that characterizes criminal activity.

In particular, during the period from 2003 to the first half of 2021, the SFMS sent **13,712** materials (including **8,074** case referrals and **5,638** additional case referrals) to law enforcement and intelligence agencies).



Pic. 5.7. The number of the referrals provided

The results of the financial investigations conducted by the SFMS show that over the past ten years there has been a significant transformation of the activity of criminals in the financial sector as well as in the sphere of asset management.



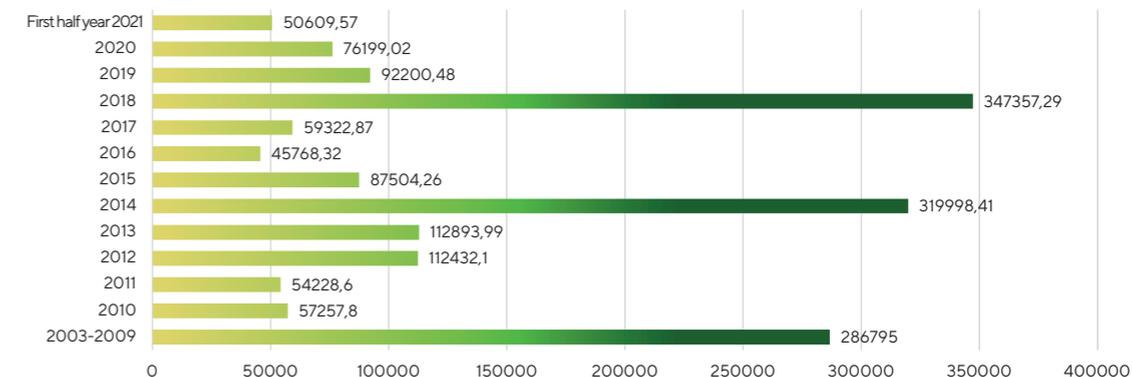
Nevertheless, the SFMS is also changing its approach to forms of collecting information and conducting financial investigations while identifying the latest ML schemes.

The SFMS is constantly improving the structure and content of analytical materials, taking into account the needs of law enforcement and intelligence agencies.

Thus, in 2003, analytical materials (case referrals and additional case referrals) of the SFMS contained the description of individual financial transactions from the received reports up to 3 pages and their pictographic representation in A4 format.

In recent years, due to changes in the ability to obtain additional information, the quality of analytical materials has significantly increased and includes an expanded description of financial transactions, information about participants in transactions, established connections, summary tables in Microsoft Excel format, analytical schemes.

After the events of 2014, there appeared the need to conduct a large volume of financial investigations regarding financial transactions involving former high-ranking officials, given the minimal amount of information that the SFMS had at the time, which became a huge challenge.



Pic. 5.8. The amount of funds in case referrals

Making outstanding efforts, only in 2014 the SFMS conducted 268 financial investigations regarding former high-ranking officials, with the materials based on the results of which sent to law enforcement agencies. For this purpose, the procedure of suspension of financial transactions, the total amount of which amounted to USD 1.49 billion, was applied.

Also, the information necessary for conducting financial investigations was obtained with the huge support of foreign partners.

The increase in the number of international financial investigations required a reallocation of resources, which involved the creation of the unit specializing in joint investigations with the FIUs of foreign countries in 2016.

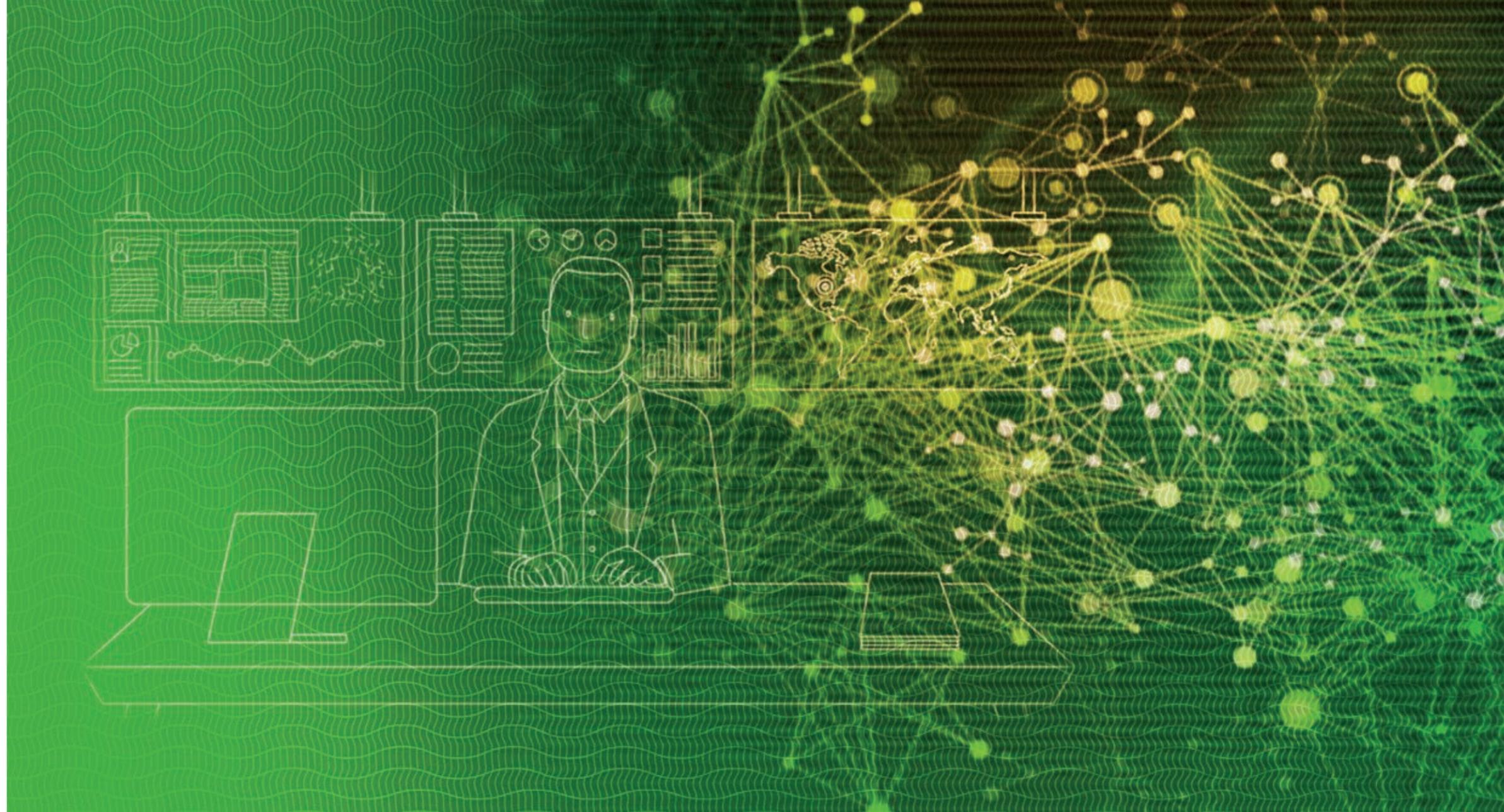
Due to the significant increase in the number of financial investigations regarding financial transactions of PEPs, it was decided to establish a unit specializing in risk analysis of the transactions carried out by PEPs as well as in joint financial investigations with NABU (2016).

On April 28, 2020, the Basic Law, which provides for innovation in the submission of the cases concerning the reporting entities suspicions based on the results of a risk-based approach, came into force.

In addition, the circulation of virtual assets has become the subject of financial monitoring.

Thus, receiving case reports and threshold reports on financial transactions, the SFMS has significantly expanded the range of suspicious financial transactions covered by the analysis.

Currently, the prospects for the development of the analysis and effective cooperation with law enforcement agencies include: firstly, maximum automation of operational and strategic analysis processes, secondly, the establishment of e-channels of rapid communication with law enforcement agencies and, thirdly, the improvement in the financial investigation procedure regarding new technologies, in particular, with cryptocurrencies.



6.

TYOLOGICAL CENTRE

One of the effective forms of responding to the challenges of the criminal environment is to conduct research, exposure and publishing schemes used to legalise criminal proceeds and to finance terrorism. The need for the SFMS to carry out such work is directly provided for the legislation of Ukraine and FATF standards.

Igor Cherkaskyi, Head of the SFMS

Publication and updating of typological studies are one of the important areas of work of the SFMS under the Basic Law, as it allows both the financial and non-financial sector and state agencies to recognize ML and TF and counteract them.

Since 2004, the SFMS has been conducting typological studies annually (17 typological studies have been published so far), namely:

1. Typologies of legalization of criminal funds in Ukraine in 2004 - 2005;
2. Typologies of legalization (laundering) of proceeds from crime in 2005 - 2006;
3. Typologies of legalization (laundering) of income received as the result of financial transactions with illiquid securities (2007);
4. Typologies of legalization (laundering) of proceeds from crime through the real estate market (2008);
5. Typologies of legalization (laundering) of proceeds from crime «Properties and characteristics of transactions related to money laundering by cash withdrawal. Tactical research and practical investigation» (2009);
6. Typologies of legalization (laundering) of proceeds from crime through non-bank financial institutions with the involvement of funds and other assets of citizens (2010);
7. Typologies of legalization (laundering) of proceeds from crime - «The use of cash in money laundering schemes» (2011);
8. Typological study «Current methods and ways of legalization (laundering) of proceeds from crime and terrorist financing» (2012);
9. Typological study «Cybercrime and money laundering» (2013);
10. Typological study «Current methods, mechanisms and financial instruments for financing terrorism and separatism» (2014);
11. Typological study «Typical tools, methods and mechanisms of placement and laundering of criminal proceeds» (2015);
12. Typological study «Laundering of proceeds from corruption» (2016);
13. Typological study «Risks of terrorism and separatism» (2017);
14. Typological study «Risks of using cash» (2017);
15. Typological study «Risks of using entities with non-transparent ownership structure in money laundering schemes» (2018);
16. Typological study «Money laundering from the misappropriation of funds and property of state enterprises and other entities financed by state and local budgets» (2019);
17. Typological study «Money laundering from tax crimes» (2020).

The typologies consider the most common trends and schemes of ML and FT. In particular, there are examples of real cases related to money laundering and terrorist financing related to corruption and the most relevant ML and FT schemes.

These typological studies assist the financial and non-financial sectors, law enforcement and other state agencies in identifying the methods, tools and techniques used by criminals to launder criminal assets.



Pic. 6.1. Title pages of typologies

Starting from 2018, the SFMS has been annually conducting reviews on the use of non-profit organizations for illegal purposes (3 studies have been prepared and published).

Also, the SFMS periodically publishes mixed typological studies, which cover current ML/FT schemes.

TYPICAL SCHEMES

1. Misappropriation of local budget funds

The SFMS together with law enforcement agencies identified a scheme that may be related to the legalization of proceeds illegally obtained from the local budget.

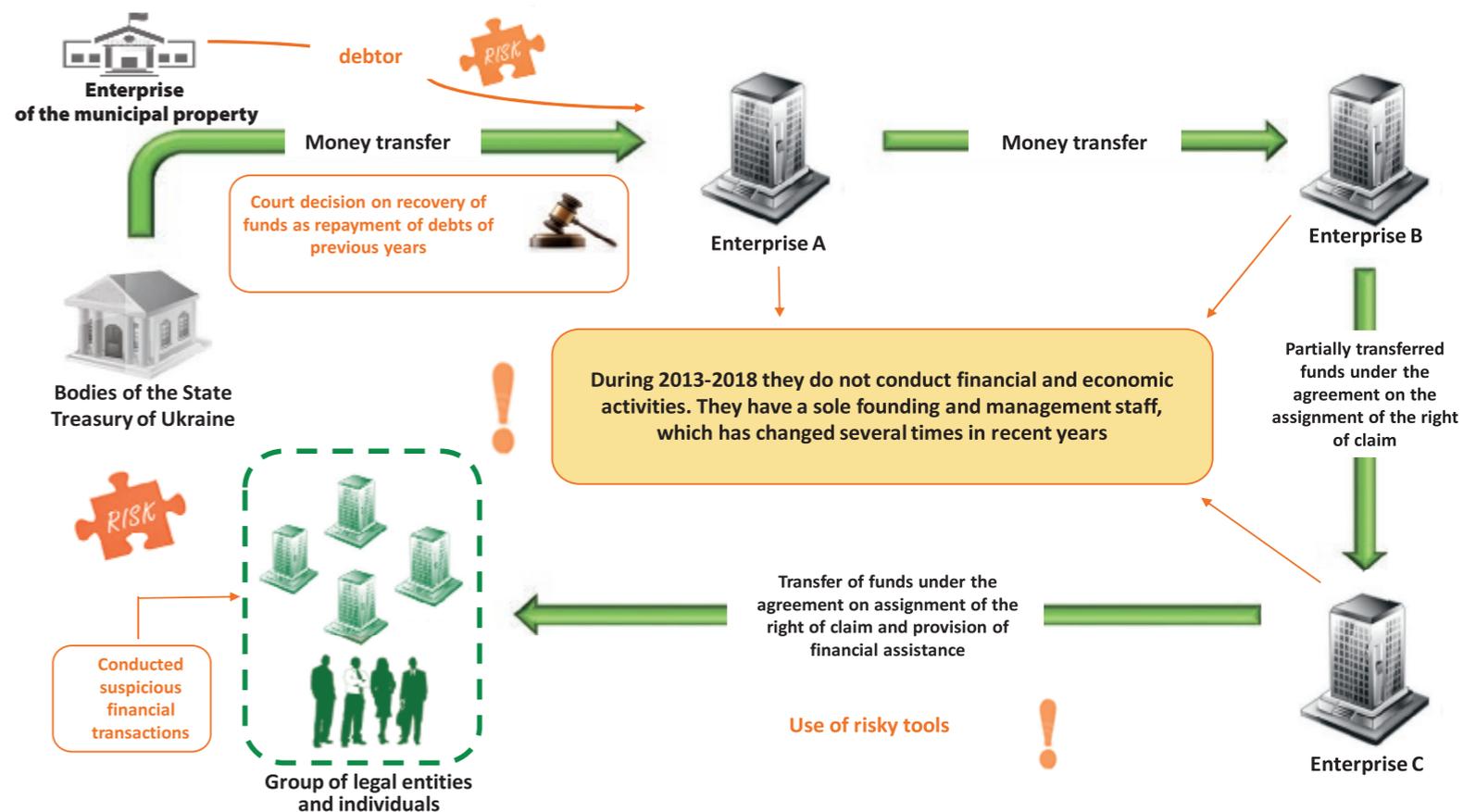
It is established that on the basis of the disputable decision of court from the **Enterprise of the municipal property** the debt formed more than ten years ago was collected (that is, after the expiration of the statute of limitations), and the State Treasury transferred funds in favor of **Enterprise A**.

Subsequently, the funds received by **Enterprise A** were transferred to **Enterprise B**, which in turn directed the funds under the assignment agreement to **Enterprise C**.

Eventually, funds were transferred by **Enterprise C** under the assignment agreement and in the form of financial assistance to a group of individuals and legal entities.

Enterprises A, B and C have not been engaged in financial and economic activities in recent years: there were no income, payment and accrual of taxes, no salaries have been accrued (paid) to officials. In addition, the enterprises have a sole founding and management staff, which has changed several times in recent years.

Risky enterprises were used in the scheme of legalization of revenues received from the local budget, based on the disputed court decision.



Pic. 6.2. Misappropriation of local budget funds

2. Abuse of office by persons of a state institution

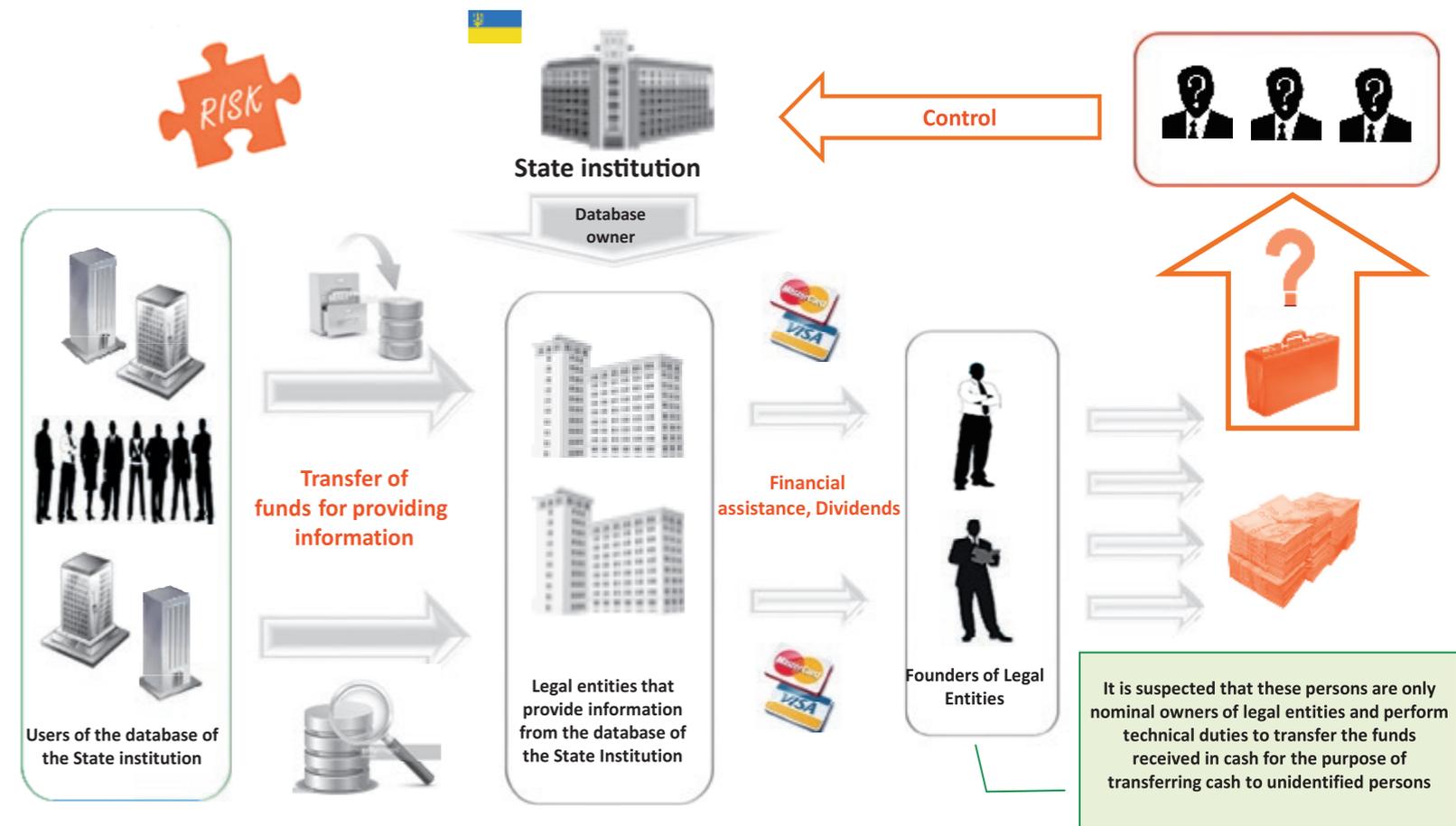
The SFMS together with the law enforcement agency revealed a scheme of financial transactions related to the receiving illegal benefits by officials of a state institution through abuse of office.

Officials of the **State Institution** blocked the general access to the electronic database of this institution, instead introduced the receipt of information from the register only on a paid basis. The main recipients of funds were two **Legal entities**.

It was established that a significant part of the funds received by **Legal entities** for services was further transferred in the form of financial assistance and payment of dividends to the card accounts of two **Individuals** who are sole proprietors of the enterprises. Subsequently, these funds were withdrawn in cash.

Individuals previously had insignificant incomes, and even after receiving cash in significant amounts, the nature and amount of expenditures of these individuals have not changed.

These persons are only nominal owners of **Legal entities** and performed only technical duties to transfer the funds received in cash for the purpose of transferring cash to unidentified persons.



Pic. 6.3. Abuse of office by persons of a state institution

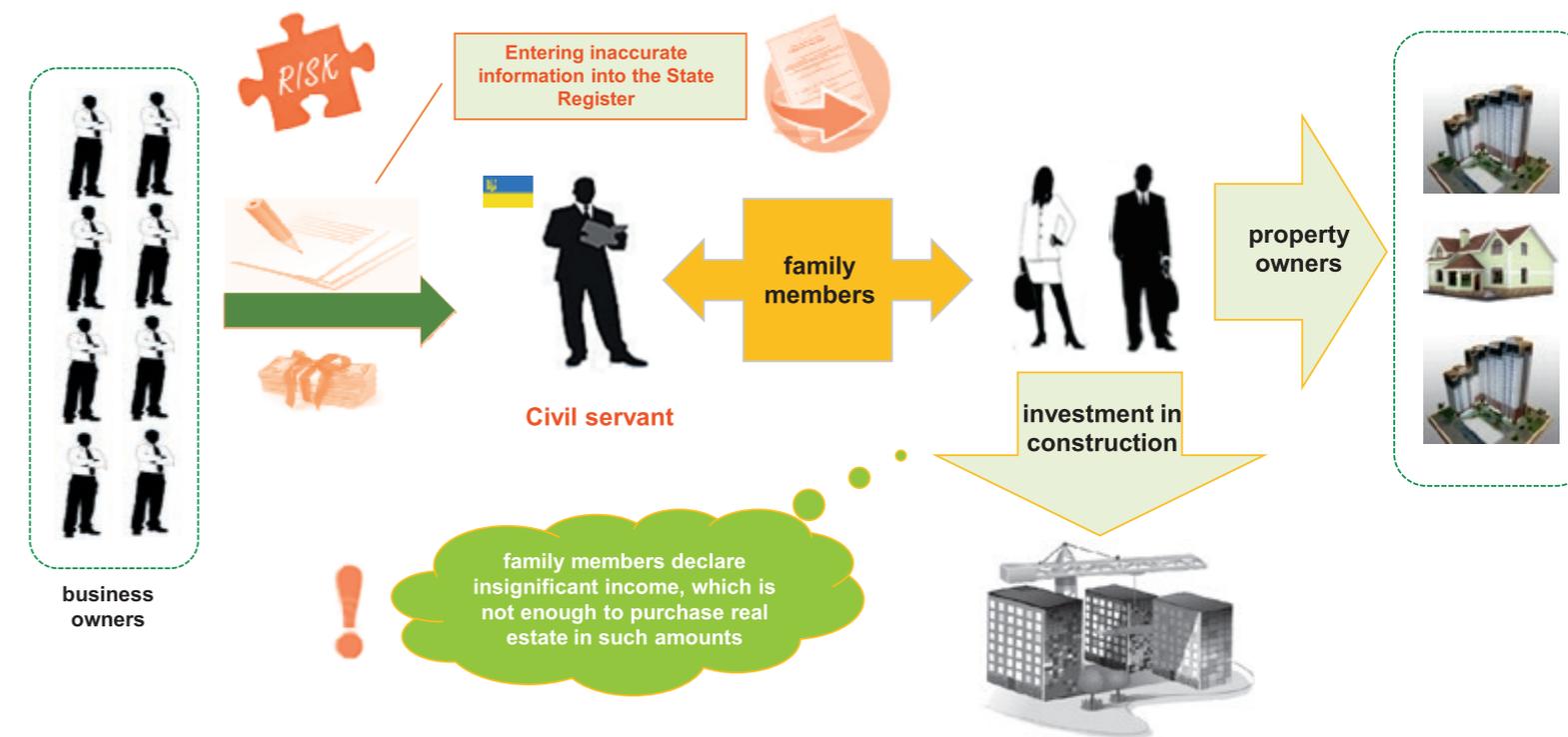
3. Entering false information into the USR on beneficial ownership

According to the results of the investigation, the law enforcement agency revealed a scheme of legalization of illegally obtained income by a **civil servant** who has access to the USR.

The law enforcement agency reported the fact of receiving an illegal benefit by an individual **who is a civil servant** for entering false information into the USR.

As a result of the analysis of financial transactions and analysis of information from the register of property rights to real estate, the following was established. From the moment the said person took the position of a **civil servant**, the family members of this person became the owners of several apartments in new buildings in Kyiv and Kyiv region, having insignificant declared revenue. In addition, during 2017-2018, they additionally invested another **UAH 6 million** in the construction of apartments.

A **civil servant** received an illegal benefit for entering false information into the USR and legalized it through the acquisition of real estate by family members and investment in construction.



Pic. 6.4. Entering false information into the USR on beneficial ownership

4. Use of fictitious public organizations for possible financing of terrorism and separatism

The SFMS revealed a scheme of financing by foreign public organizations of the Ukrainian **Public Organization B** for holding mass events on the territory of Ukraine for the purpose of information propaganda.

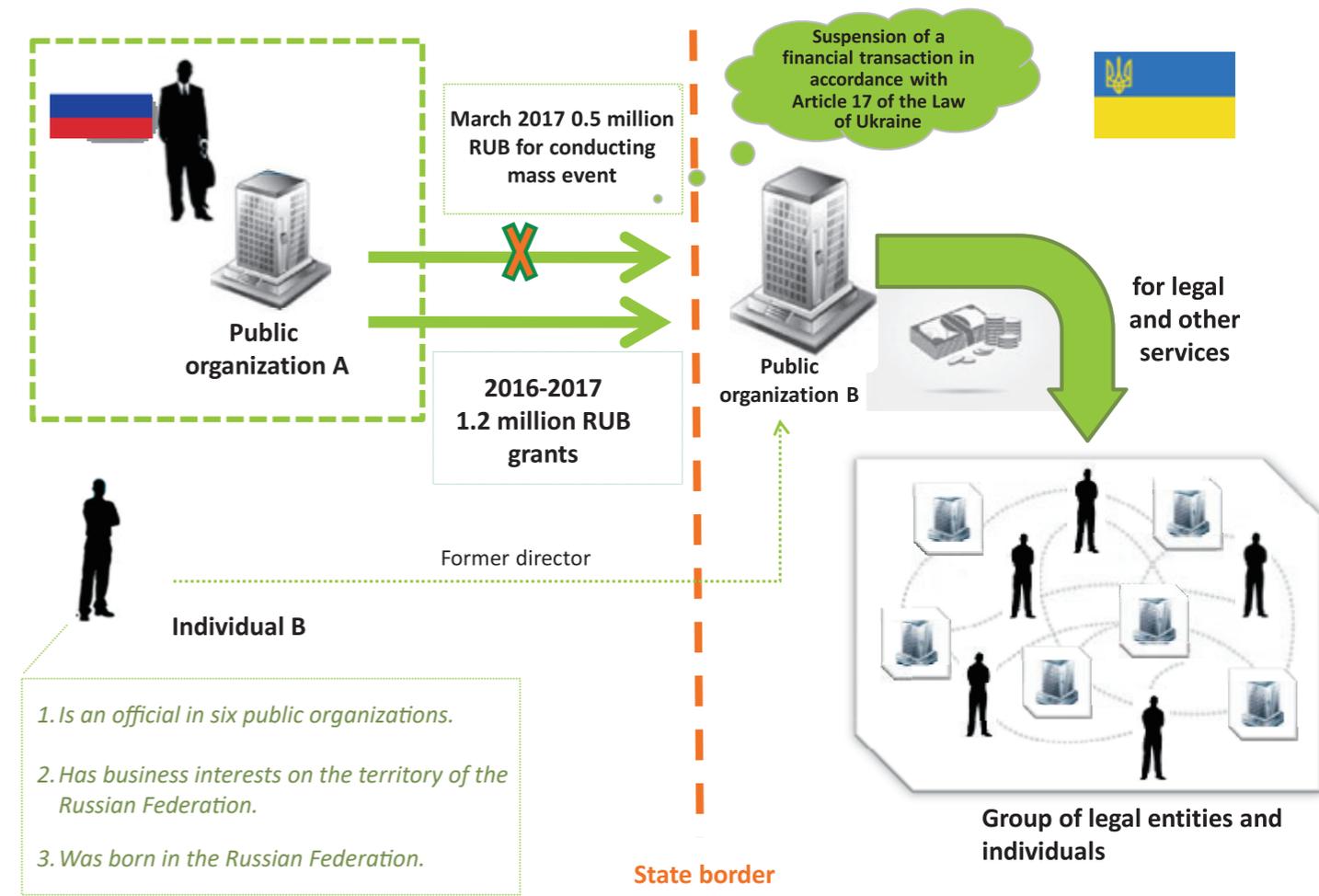
In March 2017, an attempt was made in favor of the Ukrainian **Public Organization B** to transfer funds in the form of a non-refundable grant in the amount of **RUB 0.5 million** from a foreign **Public Organization A** to hold an unauthorized mass event in Ukraine.

In relation to this transaction, a decision was made to suspend the financial transaction.

During the investigation, it was established that in favor of **Public Organization B** during 2016 - 2017, regular transfers of funds from foreign charitable foundations and NPOs as grants totaling **RUB 1.2 million** have been credited. Subsequently, the funds were converted into hryvnia and transferred to individuals and legal entities for provided legal and other services.

Individual B received income from a political party which leadership is subordinated to the political elites of a foreign state.

Thus, the funds provided by the foreign **Public organization A** for mass events can be used to wage a hybrid war against Ukraine through information propaganda.



Pic. 6.5. Use of fictitious public organizations for possible financing of terrorism and separatism

5. Use of trade in terrorist financing schemes

Based on the results of the analysis of financial transactions and additional information obtained, a scheme related to the suspicion of terrorist financing through the purchase of components and other goods that could be used for the manufacture of special equipment with their subsequent implementation in favor of illegal armed groups, organized by the Russian Federation on the territory of ORDLO (separate regions of Donetsk and Luhansk oblast).

It was established that funds were credited in favor of **Enterprise A**, mainly from government agencies and charitable organizations, as payment for goods (components, special equipment) and charitable assistance, totaling **UAH 226 million**.

In addition, officials of **Enterprise A** deposited cash in the amount of UAH 6 million (including in the form of trade revenue in the amount of UAH 3 million.) in respect of which there are suspicions that they were obtained from the sale of special equipment manufactured on the premises of the company, and transferred to illegal armed groups organized by the Russian Federation in ORDLO for a fee.

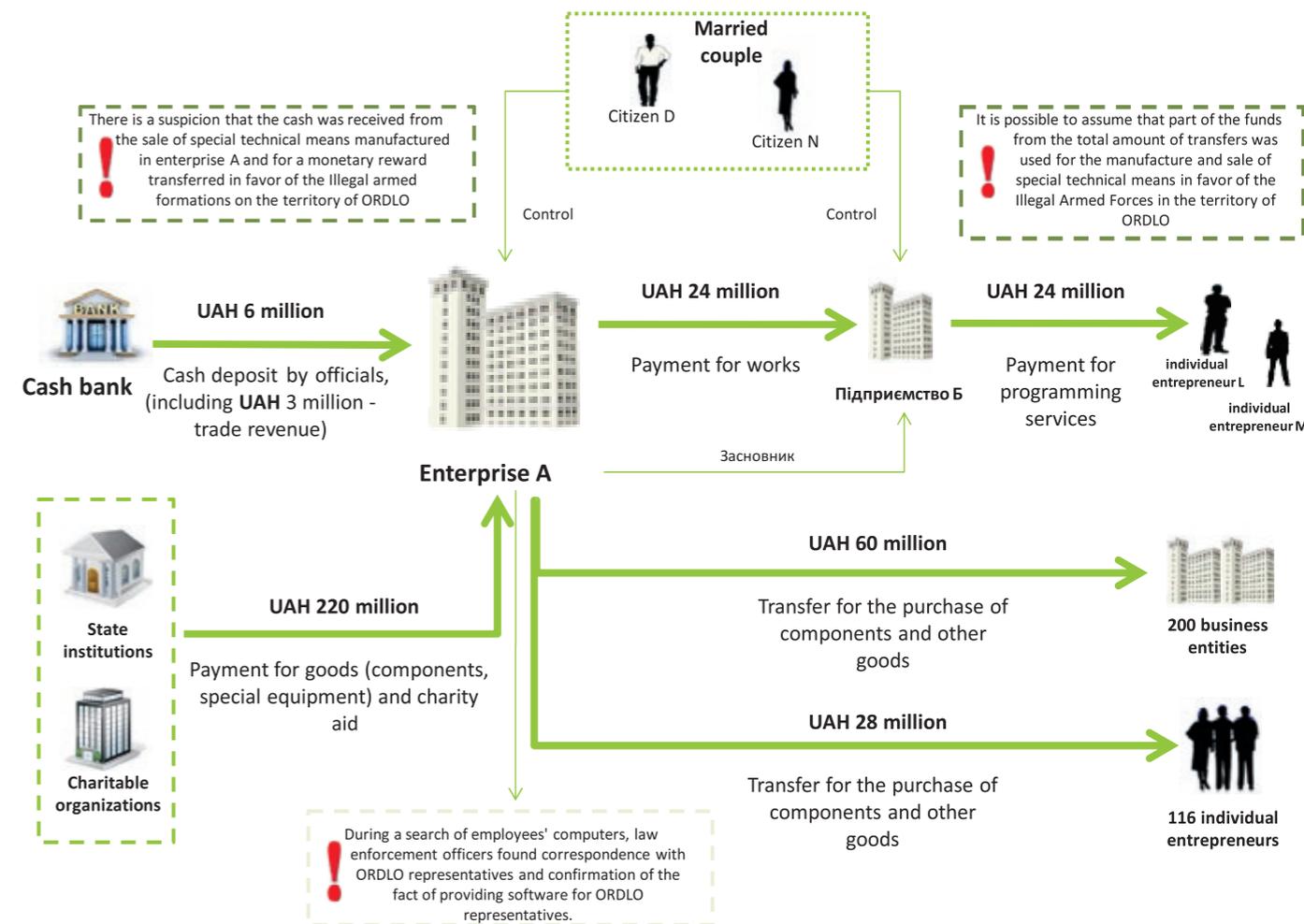
Subsequently, the funds accumulated in the accounts of **Enterprise A** were transferred for the purchase of components and other goods that could be used for the manufacture of special equipment, in favor of 200 business entities in the amount of **UAH 84 million** and in favor of 116 individual entrepreneurs in the amount of **UAH 28 million**.

Part of mentioned funds in the amount of **UAH 24 million** was transferred as payment for work in favor of the controlled **Enterprise B**, which, in turn, monthly transferred these funds in favor of **individual entrepreneurs L and M**, as payment for programming services.

It should be noted that the founders of **Enterprise A** are **Citizen D and Citizen N**, who are spouses. In turn, **Enterprise A** and **Citizen N** are the founders of **Enterprise B**.

During a search of the computers of employees of **Enterprise A**, law enforcement officers found correspondence with representatives of ORDLO and confirmed the fact of providing software for representatives of illegal armed groups organized by the Russian Federation on the territory of ORDLO.

It can be assumed that part of the money from the total amount of transfers for the purchase of components and other goods that could be used for the manufacture of special equipment, was used for the manufacture and sale of these means in favor of illegal armed groups organized by the Russian Federation in ORDLO.



Pic. 6.6. Use of trade in terrorist financing schemes

6. Using the mechanism of «counter-flows» and «twists»

The SFMS, taking into account the information received from the law enforcement agency, revealed a complex scheme of illegal formation of a tax credit and receipt of budget VAT refunds by conducting fictitious business transactions for the supply of agricultural products and ML.

According to the law enforcement agency, the supply chains of goods do not show the origin of exported agricultural products due to changes in the range of goods (resort).

At the same time, the amounts of VAT formed in this way were further claimed for budget reimbursement.

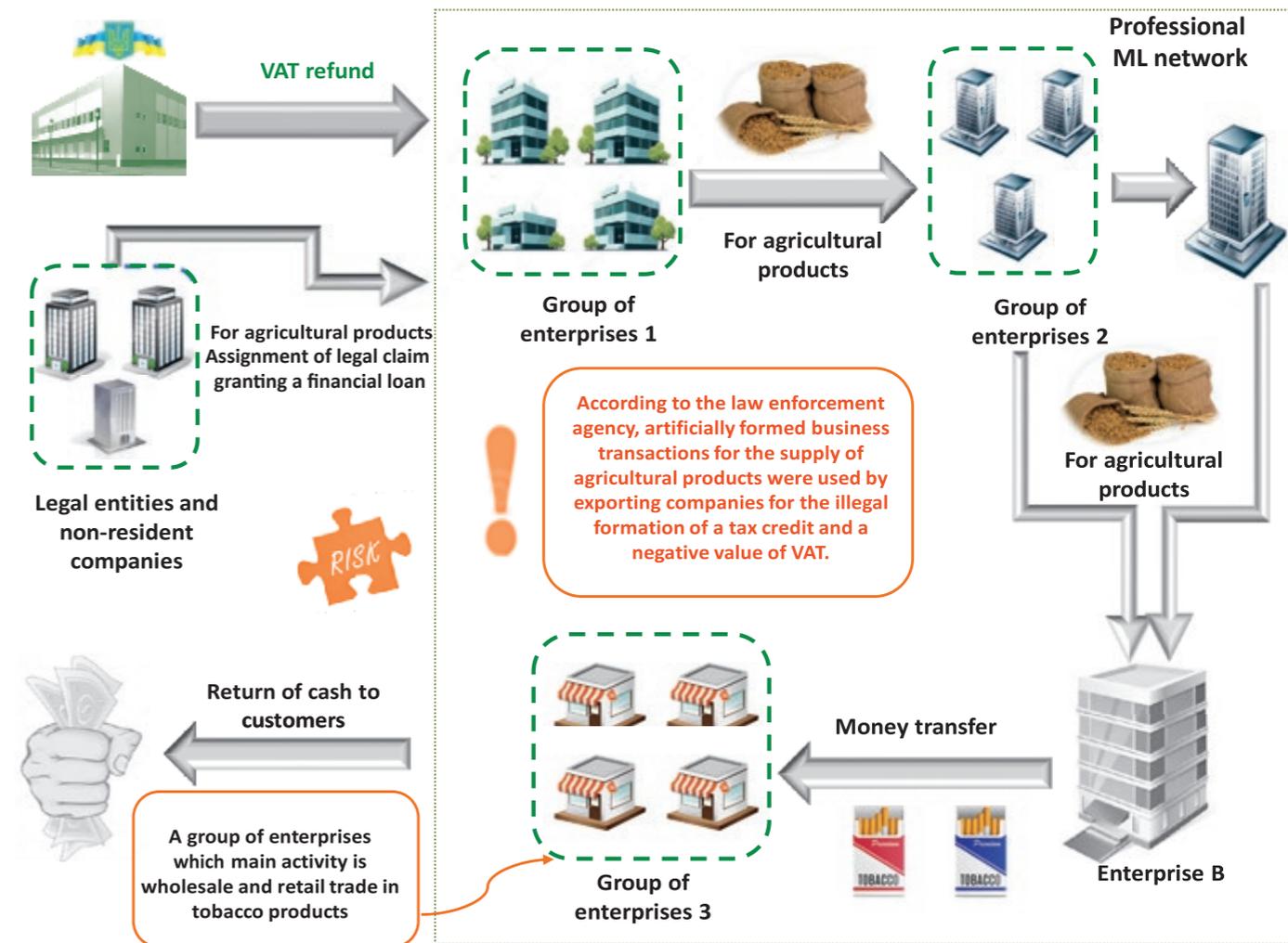
The SFMS established that a professional laundering network, which included two transit groups of enterprises and enterprises that have a large amount of unaccounted cash, was used in this scheme.

Funds from legal entities and non-resident companies were credited to **Group of Enterprises 1** as payment for agricultural products, assignment of the right of claim and provision of financial credit. In addition, **Group of Enterprises 1** received a budget refund of VAT.

Subsequently, the funds received by **Group of Enterprises 1** were transferred as payment for agricultural products in favor of **Group of Enterprises 2**, which, in turn, directly or through one of the members of the group, directed the funds in favor of **Enterprise B**.

After that, **Enterprise B** transferred the funds for tobacco products to the accounts of **Group of Enterprises 3**, the main activity of which is wholesale and retail trade.

These companies have significant amounts of unaccounted cash. In the end, the received non-cash funds were converted in cash through the mechanism of «twisting» for return to customers less network services.



Pic. 6.7. Using the mechanism of "counter-flows" and "twists"

7. Use of the mechanism of illegal withdrawal of assets under fictitious foreign economic contracts

The SFMS revealed a scheme of tax evasion related to the export of grain crops with their subsequent sale outside the customs territory of Ukraine, the activities of a transnational professional money laundering network, which provides services for concealment of funds received from trade transactions and their subsequent laundering.

The scheme involves **Ukrainian companies with signs of fictitiousness**, which on the basis of export contracts with **fictitious non-resident companies** draw up cargo and customs declarations for the export of grain products, purchased for cash from private producers and accounted for as own-harvest products. At the same time, grain is not exported outside Ukraine, but remains in warehouses of Ukrainian seaports.

After that, **fictitious non-resident companies** draw up contracts for the sale of grain in favor of real **grain traders**, that document the storage of grain in the port and its loading on seagoing vessels.

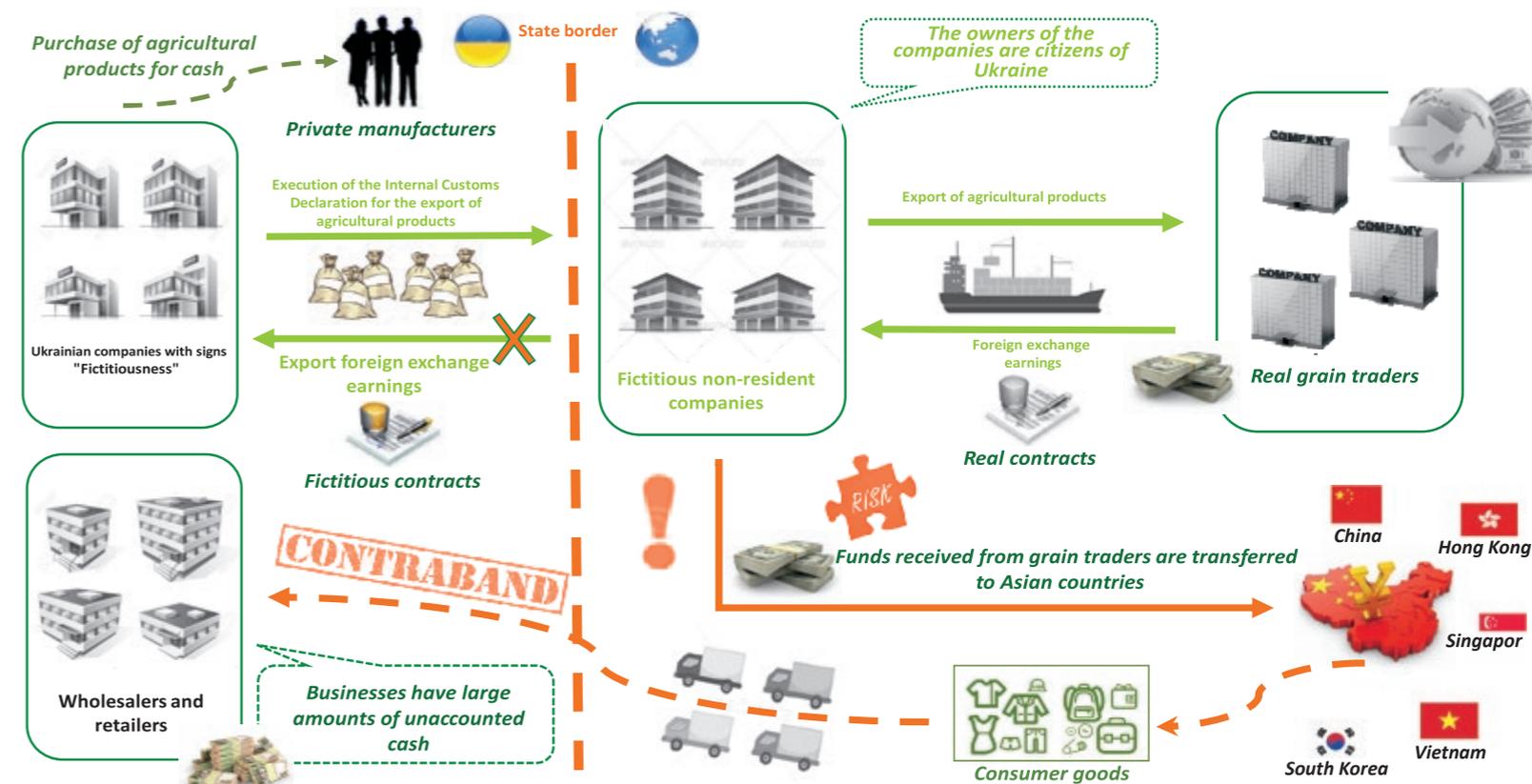
Payments for purchased grain are made by **grain traders** under concluded agreements to foreign accounts of **fictitious non-resident companies**.

Thus, the actual payments for the export of Ukrainian grain take place outside Ukraine.

It should be noted that the ultimate beneficial owners of fictitious non-resident companies are citizens of Ukraine, and some of them are also owners of Ukrainian exporting companies.

In the future, the funds received from real grain traders are sent by **non-resident fictitious companies** to Asian countries to purchase a variety of consumer goods. Thus, **Ukrainian exporting companies** do not receive export foreign exchange earnings on the territory of Ukraine, and, accordingly, do not pay taxes.

Goods purchased in Asian countries are smuggled into Ukraine in favor of enterprises engaged in wholesale and retail trade and have a significant amount of unaccounted cash, part of which in a new circle is used to purchase another batch of Ukrainian grain for export.



Pic. 6.8. Use of the mechanism of illegal withdrawal of assets under fictitious foreign economic contracts

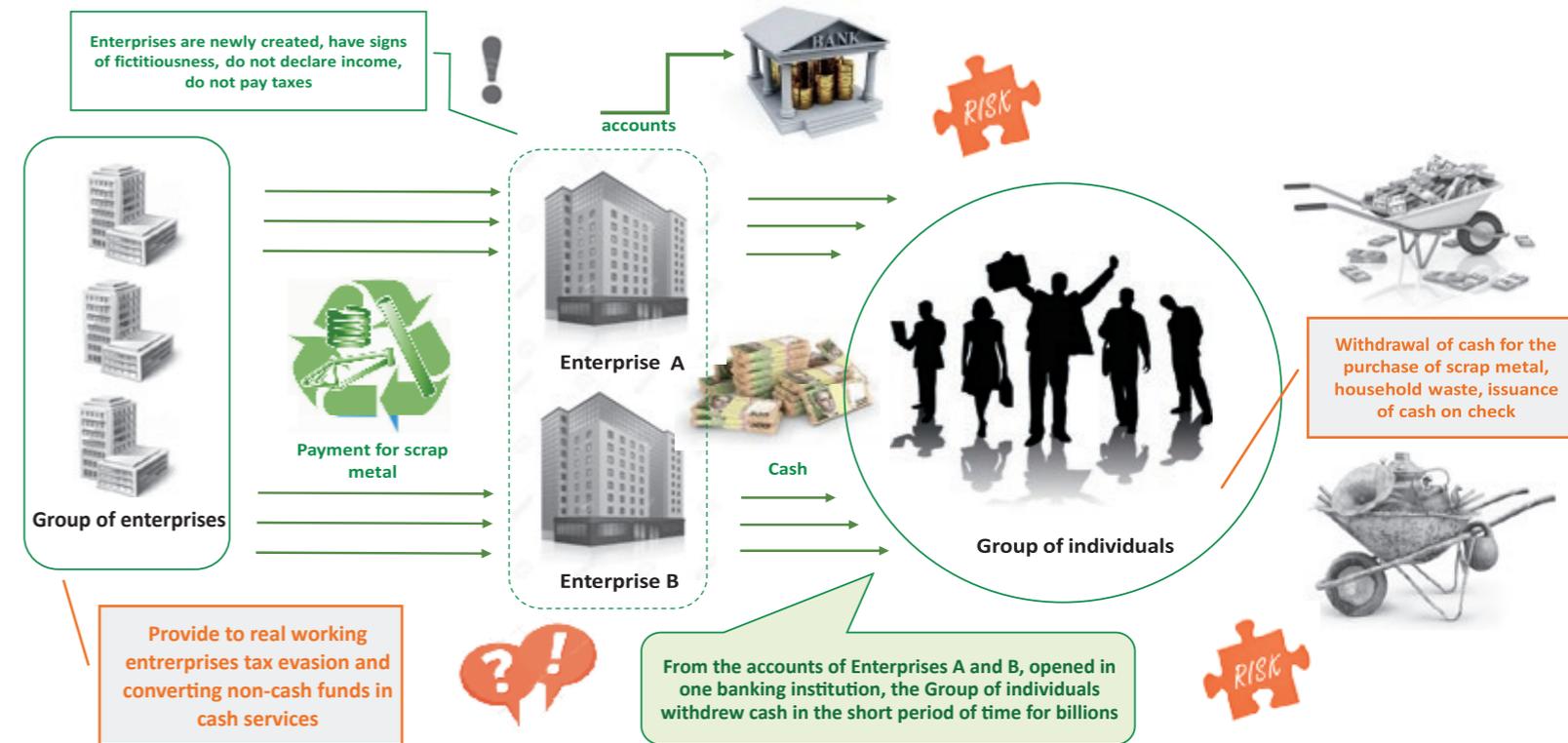
8. Use of «classic» conversion centers

The SFMS revealed a scheme aimed at tax evasion through fictitious transactions for the purchase of scrap metal and converting non-cash funds in cash.

It was established that the accounts of **Enterprise A** and **Enterprise B**, opened in one banking institution, were credited with funds for scrap metal from the **Group of Enterprises**, which previously received funds from enterprises of the real sector of the economy as payment for various goods and services. It is noteworthy that these **Enterprise A** and **Enterprise B** are newly created, have signs of fictitiousness, because having high turnover do not declare income, do not pay taxes.

Subsequently, the funds received in a short period of time in full (in billions) were withdrawn in cash by a **Group of individuals** for the purchase of scrap metal, the issuance of cash on receipt, the purchase of household waste.

As a result of the implementation of this scheme, the enterprises of the real sector of the economy reduced their own tax burden on VAT and income tax, respectively, the budget did not receive revenue.



Pic. 6.9. Use of "classic" conversion centers

9. Forgery of documents for the acquisition of beneficial ownership

The law enforcement agency is investigating the withdrawal of assets (property) of a banking institution, which is in the process of liquidation.

Thus, it was established that **Bank A**, which was in the process of liquidation, owned a non-residential premises worth about **UAH 15 million**.

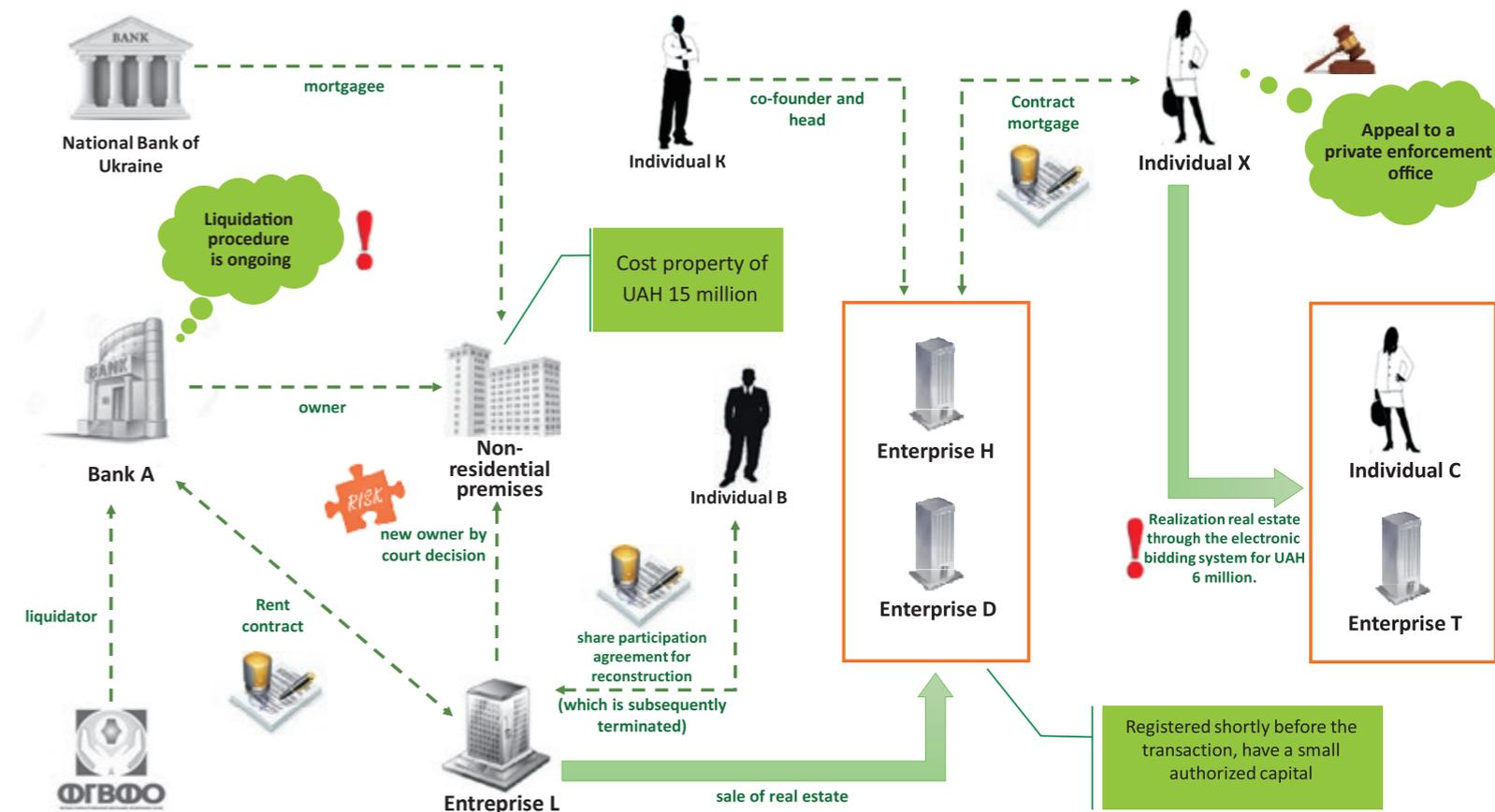
According to the mortgage agreement, the premises were transferred by **Bank A** to the NBU mortgage.

Subsequently, **Bank A** rented the non-residential premises to **Enterprise L**, which, in turn, entered into an equity agreement with **Individual B** without the knowledge of the owner of the real estate and the mortgagee. The subject of the contract is the reconstruction of the premises with the subsequent transfer of parts of the object of reconstruction in the ownership of these parties.

Subsequently, the equity agreement is terminated and, based on a court decision, **Enterprise L** is recognized as the owner of the said premises. **Enterprise L** re-registers the premises into two separate ones and alienates them in favor of **Enterprises H and D**. These enterprises are registered less than six months before the transaction by one person (**Individual K**) and have a small authorized capital.

On the day of acquisition of real estate, **Enterprises H and D** enter into mortgage agreements with **Individual X**. Two months later, at the request of **Individual X**, this real estate is sold as part of enforcement proceedings through the electronic bidding system for **UAH 6 million** in favor of **Individual S and Enterprise T**.

Thus, as a result of these criminal acts, the state, represented by the Deposit Guarantee Fund of individuals (liquidator of **Bank A**) and the NBU (mortgagee), suffered material damage in a particularly large amount.



Pic. 6.10. Forgery of documents for the acquisition of beneficial ownership

10. Falsified activity of legal entities with nominal heads - fictitious persons

The SFMS revealed a scheme aimed at fraudulent seizure of funds of citizens of Ukraine.

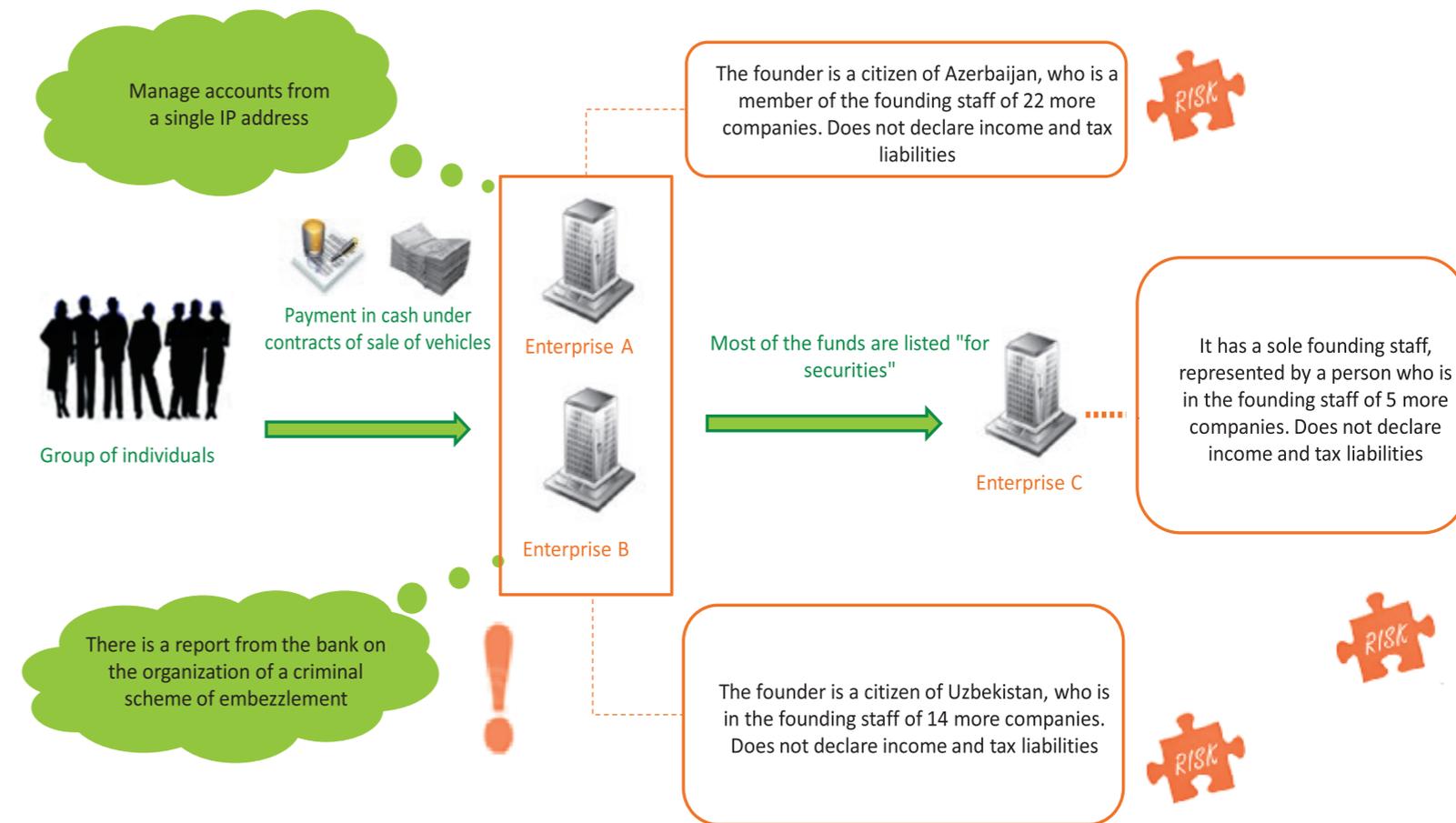
The accounts of **Enterprises A and B** were used for the same type of financial transactions, which are related to the receipt of cash from a number of individuals as payment for vehicles. Subsequently, the funds were transferred to **Enterprise C** as payment for the securities.

The banking institutions where the accounts of **Enterprises A and B** were serviced, received complaints from a significant number of individuals about the fraudulent actions of these legal entities.

The founders of **Enterprises A and B** are citizens of Uzbekistan and Azerbaijan.

Enterprises A, B and C did not declare income and tax liabilities. Their founders are part of the founding staff of a significant number of enterprises.

It is also established that the accounts are managed from a single IP address, which indicates the «centralized management» of the fraudulent scheme. The founders and directors are fictitious persons.



Pic. 6.11. Falsified activity of legal entities with nominal heads - fictitious persons

7.

THE SFMS INVESTIGATION IS THE BEST PRACTICE OF THE EGMONT GROUP

The Ukrainian SFMS's investigation of corruption was recognized as the best in the world.

National Information Agency of Ukraine – UKRINFORM
(28.09.2018)

In September 2018, at the 25th Plenary meeting of the Egmont Group in Sydney (Australia), the SFMS investigation was recognized as the winner of the Egmont Group BECA (Best Egmont Case Award).

The name of the SFMS is engraved on a special plaque at the Egmont Group office in Toronto, Canada.

The winning case involved a multi-stage and unprecedentedly complex investigation of corruption and money laundering by former high-ranking Ukrainian officials, culminating in the confiscation of about USD 1.5 billion in state revenue.

Thus, at the initial stage of this case, the SFMS conducted several separate, unrelated investigations, which were based on the reports of suspicious activity involving both domestic and foreign companies. An analysis of these reports revealed that some of the suspicious companies were linked to former Ukrainian high-ranking officials.

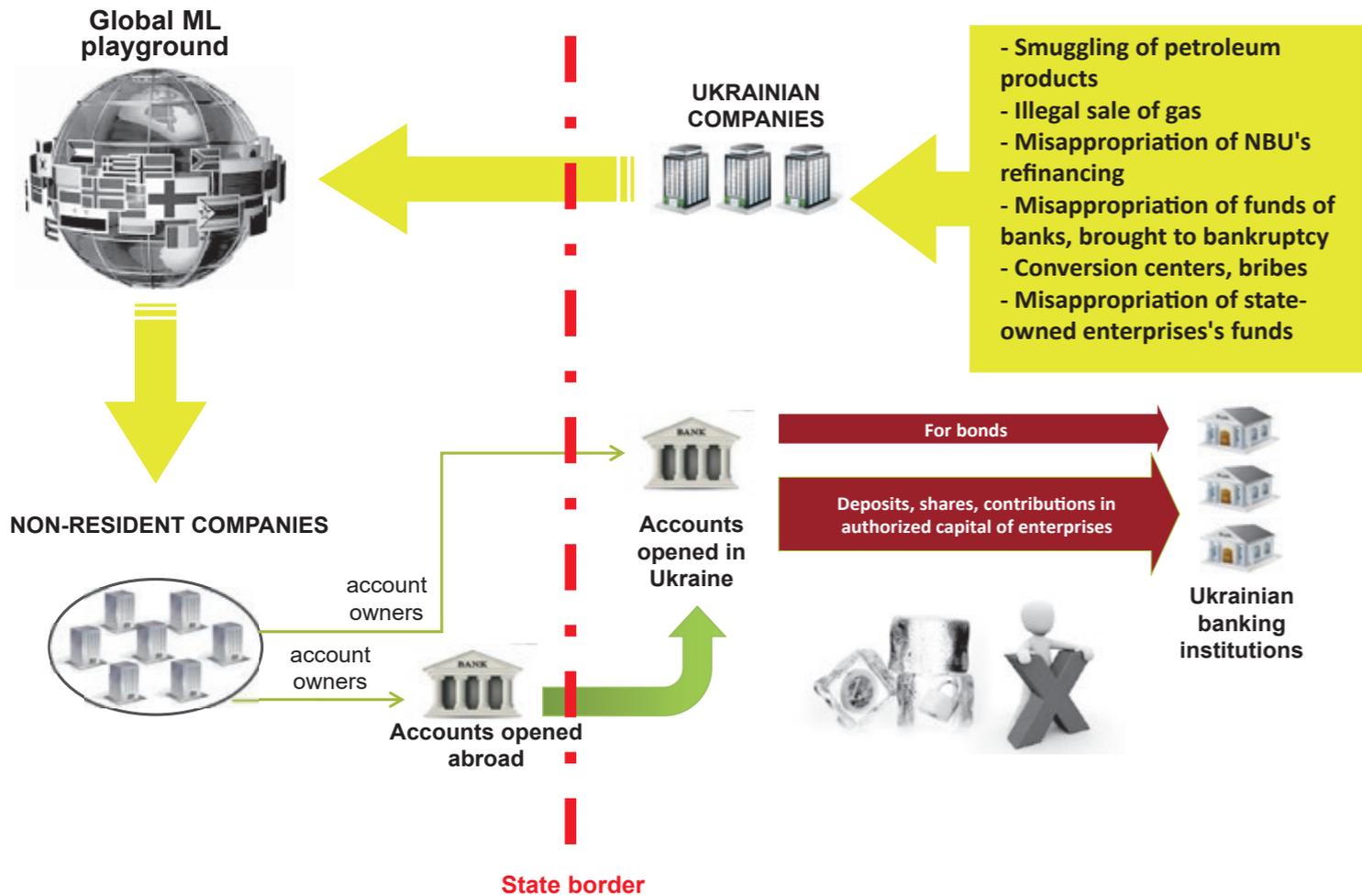
At the same time, the Prosecutor General's Office of Ukraine opened a criminal case on numerous facts committing with the assistance of the top leadership of the state, the founders and leaders of a significant number of legal entities of acquisition of state property by abuse of office by prior conspiracy by a group of persons in a particularly large amount and ML.

The SFMS found out that assets obtained as a result of crimes were legalized both in Ukraine and abroad. Therefore, it was extremely important to conduct a successful financial investigation, find out all the details of the case, identify the suspects and establish legalized assets with a view to their further arrest and confiscation (recovery).

In the course of the financial investigation, the SFMS analyzed more than 600 bank statements (including more than 300 bank accounts opened abroad) and information obtained from 12 foreign financial intelligence units (in particular, with the support of the World Bank Initiative StAR).



Pic. 7.1. BECA Award



Pic. 7.2. The revealed scheme of ML

The analysis revealed a global ML scheme, which involved more than 1,000 business entities.

The analysis of suspicious transactions reports received from the financial sector, additional account statements, additional identification information and data from law enforcement and other government agencies revealed a list of foreign companies controlled by different citizens of Ukraine, who had one thing in common – they all worked in Ukraine together with one former high-ranking official. The financial transactions carried out with a number of such companies were the final stage of the scheme, which consisted of investing a significant amount of money (about USD 1.4 billion) in Ukraine through the purchase of debt obligations, deposits and the purchase of shares in Ukrainian enterprises.

At the beginning of the investigation, some Ukrainian companies were also identified that transferred funds in favor of non-resident companies that made «investments» in Ukraine.

More than 20 Ukrainian companies have also been linked to another former official through Ukrainian citizens, many of whom have also acted as controllers of non-resident companies that «invested» in Ukraine.

The analysis of founding and official relations and registration addresses of some Ukrainian enterprises confirmed that the establishment and management of these enterprises were carried out by the same persons (both individuals and legal entities) who are related to public persons, and common registration addresses and management of cash flows on accounts from the same IP-addresses, indicated the connection between these enterprises.

In 2014, the SFMS decided to suspend outgoing transactions on Ukrainian accounts of non-resident companies.

As a result, more than USD 1.4 billion was frozen in the accounts of non-resident companies in Ukrainian banking institutions.

In addition, during parallel investigations, separate asset chains were established, which were controlled by high-ranking ex-officials.

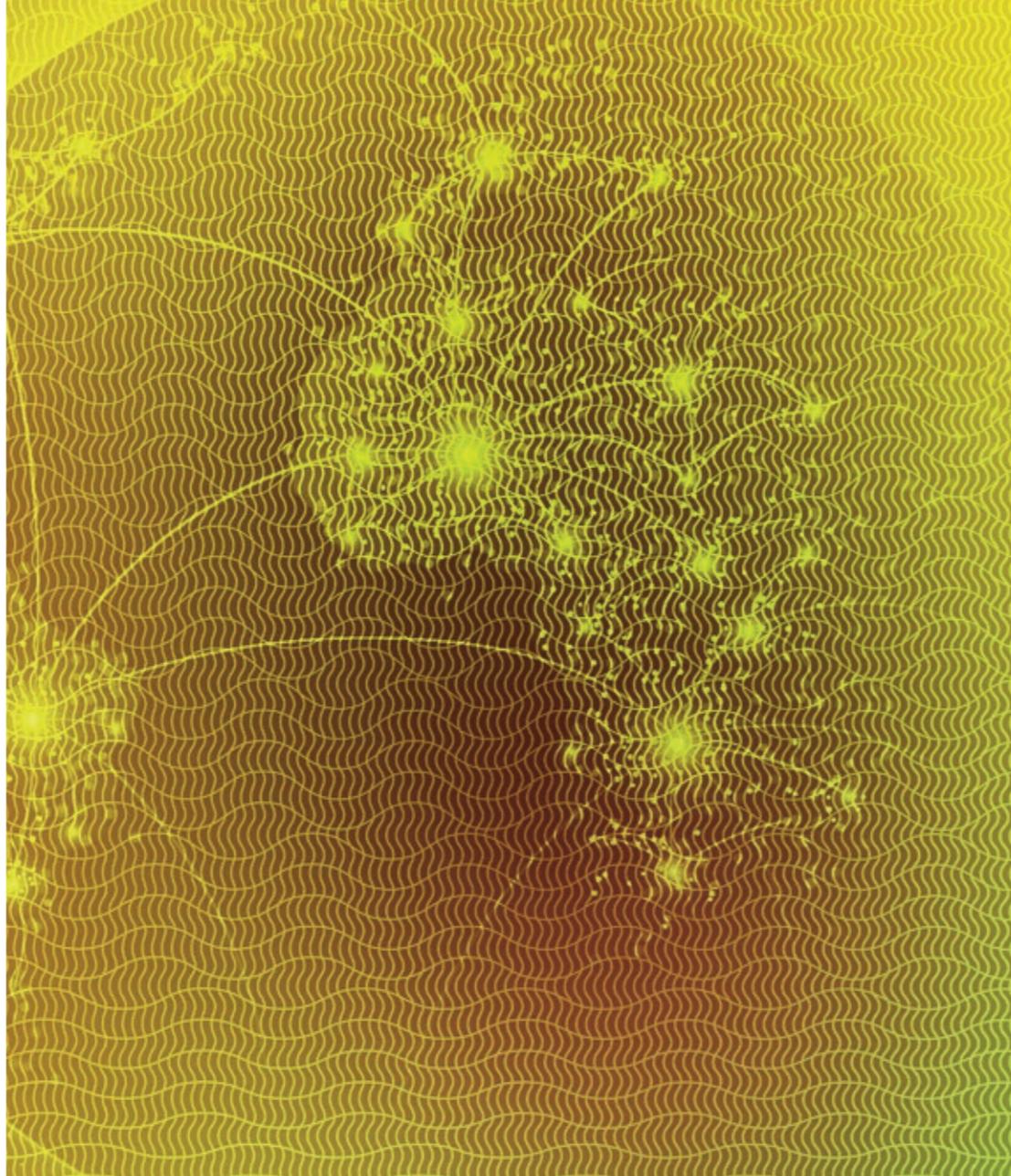
In particular, it was established that the primary source from which the chain of withdrawal of funds from Ukraine began was the funds received by Ukrainian companies as a result of the operation and implementation of criminal schemes related to former high-ranking officials and citizens of Ukraine, namely:

1. embezzlement of state-owned companies;
2. embezzlement of NBU refinancing;
3. sale of smuggled oil products at market prices;
4. sale of gas at market prices, which had to be sold at reduced prices;
5. getting «kickbacks»;
6. activities of professional money launderers – «conversion centers», etc.

Due to active interdepartmental and international cooperation, the SFMS established that the process of withdrawing funds from Ukraine and their «investment» in Ukraine was managed from one management center with the help of a large number of fictitious companies. Signs of functioning of the international professional «platform» for ML with billions turnover which provided services and other entities of business were revealed.

Some of these companies have been liquidated, some of them have improper legal status and have been registered by dubious legal entities.

Given the above, the Prime Minister of Ukraine recognised the staff of the State Financial Monitoring Service of Ukraine for significant achievements of the SFMS in the international arena and increasing the authority of Ukraine in the world.



Pic. 7.3. Acknowledgement of the Prime Minister of Ukraine to the staff of the SFMS

8.

ANTI-LEGALIZATION STRATEGIST

Ukraine has significant experience in coordinating and establishing five-year AML/CFT strategies and annual plans. It has comprehensive mechanisms for national coordination and policy development, which include political will and yield positive results. These mechanisms include measures to counter the financing of the proliferation of weapons of mass destruction.

Report of the MONEYVAL Committee of the Council of Europe (December, 2017)

The SFMS is the initiator and developer of government documents defining the AML/CFT strategy in Ukraine.

National coordination plans

Since 2002, the SFMS has developed 16 national AML/CFT action plans which were adopted by the Cabinet of Ministers of Ukraine, including jointly with the NBU.

These plans set out legal, organizational and practical measures to ensure the stable and effective functioning the national financial monitoring system and to prevent and/or reduce the negative effects of risks in this area.

Also, the SFMS, together with all government agencies concerned, is implementing an Action Plan to improve the national financial monitoring system based on the results of the 5th round of Ukraine's evaluation by the MONEYVAL Committee, which was endorsed on April 12, 2018 at the fifth meeting of the AML/CFT Council and supported by Order of the Cabinet of Ministers of Ukraine.

This Action Plan includes 61 measures to improve the national financial monitoring system.

National anti-legalization strategies

Since 2005, national anti-legalization strategies have been implemented in Ukraine, the development and coordination of which are carried out by the SFMS. For that period time, the national strategy for the development of the AML/CFT system has undergone significant evolution.



Pic. 8.1. Evolution of the National Strategy

Currently, the Cabinet of Ministers of Ukraine on May 12, 2021 adopted an Regulation No. 435 National «On approval of Main directions of the development of the prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction system in Ukraine for up to 2023 and Action plan for their implementation».

The main directions determine a set of strategic measures of legislative, organizational and institutional nature, aimed at improving the national system of financial monitoring.

9.

LEGISLATIVE INNOVATOR

The legislative history of the SFMS began with the adoption by the Cabinet of Ministers of Ukraine of the Resolution of 10.01.2002 No. 35 «On the establishment of the State Department of Financial Monitoring», according to which the State Department of Financial Monitoring was established within the Ministry of Finance as a governmental body of public administration.



Employees of the newly formed structure were faced with the crucial tasks of creating a system of counteraction to the ML and providing it with a legislative and regulatory framework for successful operation. At the same time, the counteraction system had to meet international standards in this area.

With a small staff, with no initial knowledge and experience in countering ML, the State Department of Financial Monitoring, based on international standards in the field of anti-money laundering, was able to develop the main provisions of the future law in a short time. Thus, on June 14, 2002, the draft Law «On prevention and counteraction to legalization (laundering) of proceeds from crime» was submitted to the Verkhovna Rada of Ukraine and registered. Initially, the draft law consisted of only 9 pages of printed text, but its main and fundamental provisions passed through all future versions of the laws on prevention and counteraction.

After heated discussions and debates of the draft law provisions, on November 28, 2002, the Verkhovna Rada of Ukraine adopted the Law of Ukraine «On prevention and counteraction to legalization (laundering) of proceeds from crime», which entered into force 6 months after its publication. Subsequently, in December 2002, the Law was signed by the President of Ukraine and entered into force on June 11, 2003.

During the 6 months prior to the entry into force of the Law, employees of the State Department of Financial Monitoring, in cooperation with other state bodies, worked out a significant number of bylaws, which enabled the new Law to become operational.

In the following years, the process of gaining experience was underway, weak and imperfect provisions of the Law were revealed, and as a result, the Law and by-laws were amended to improve the legislative and regulatory framework for combating ML. Employees of the young newly created body played a significant role in these processes. Moreover, in accordance with Decree of the President of Ukraine of September 26, 2004 No. 1144 «On the State Committee for Financial Monitoring of Ukraine» on the basis of the State Department of Financial Monitoring was established the State Committee for Financial Monitoring of Ukraine as a central executive body with special status. Due to this raise in the status of the body, legislative initiatives and initiatives to amend the bylaws have become easier to move towards their adoption.

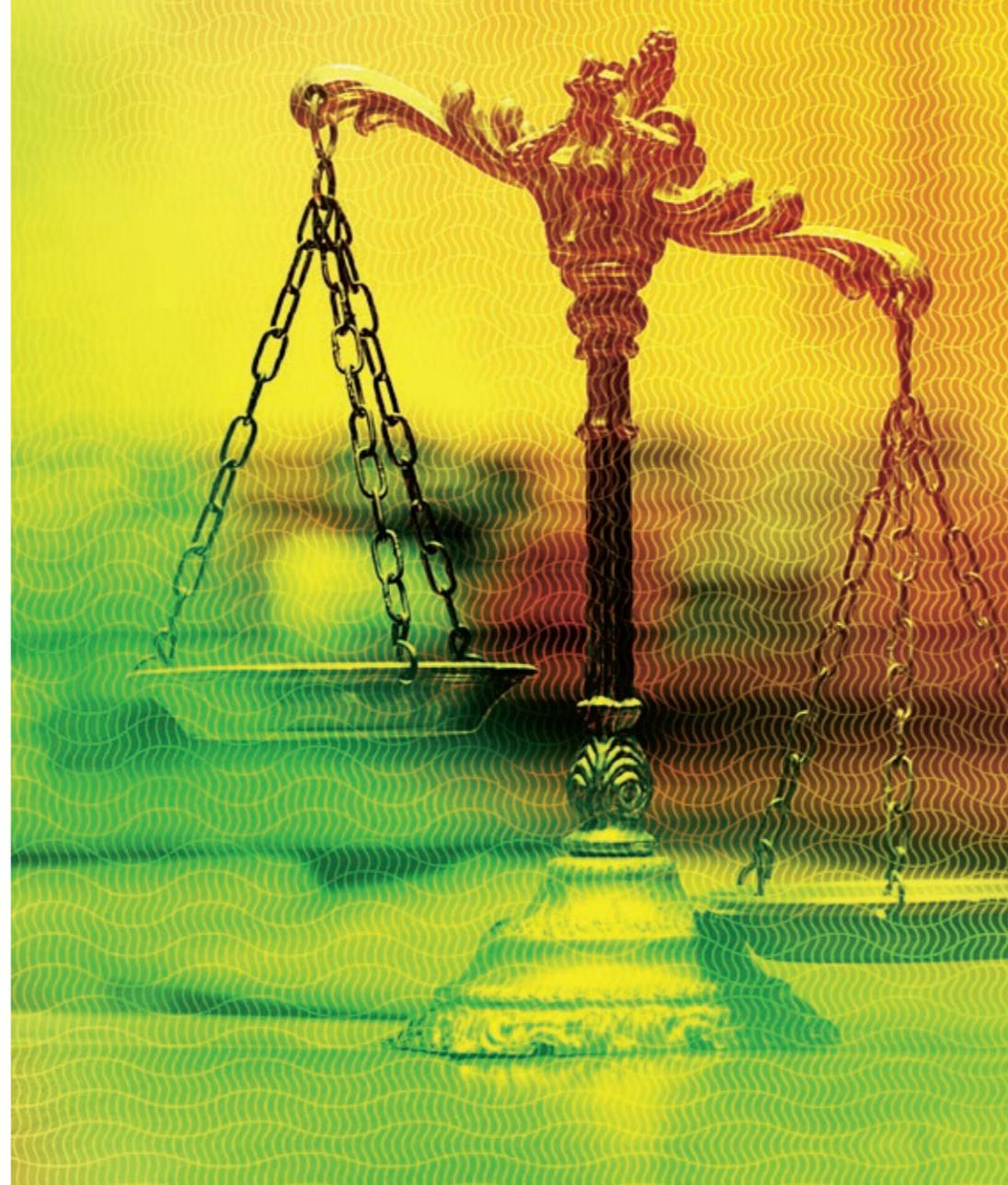
Adoption in 2010 of a new version of the Law of Ukraine «On prevention and counteraction to legalization (laundering) of proceeds from crime or financing terrorism» was the next page in the legislative history of the SFMS. The draft of the new version of the Law was developed by the State Committee for Financial Monitoring of Ukraine in order to implement into national

Years	December 2002 Ukraine is included in the "black list" of the FATF	40 + 8 FATF recommendations 1990 2002
2002	The Basic Law is adopted, the SFMS is established	1st and 2nd EU Directive 1992 2002
2003		
2004	The Law of Ukraine on Improving International Cooperation was adopted	40 + 9 FATF Recommendations 2003
2005	active monitoring of Ukraine is stopped	3rd EU Directive 2005
2009	Ukraine is included in the "gray list" New legislative acts have been adopted	Updated 40 + 9 FATF Recommendations 2008
2011	June 2011 FATF recognizes the active development of Ukraine's financial monitoring system September 2011 onsite visit of the FATF mission to Ukraine October 2011 Ukraine is excluded from the "gray list"	New FATF Standards 2012
2014	The new Law is adopted	4th EU Directive 2015
2018	The SFMS is the winner of BECA	5th EU Directive 2018
2019	The new Law is adopted	

Pic. 9.1. The history of the international standards implementation



Pic. 9.2. The evolution of the Basic Law development



legislation international standards for combating money laundering and terrorist financing, namely the new version of the 40 FATF Recommendations, which is the main source of AML international standards.

A new challenge for the AML system was the need for legislative changes in the difficult for Ukraine 2014, which had to take into account and implement in national legislation the new FATF Recommendations. Once again, the SFMS staff prepared a draft Law of Ukraine «On prevention and counteraction to legalization (laundering) of proceeds from crime or financing of terrorism and financing of proliferation of weapons of mass destruction», which was submitted to the Verkhovna Rada of Ukraine on September 11, 2014, and on October 14, 2014 it was adopted in record speed. The law comprehensively improved the national legislation in the field of financial monitoring and amended more than twenty other laws of Ukraine.

In 2015, the 4th Directive (EU) of the European Parliament and of the Council 2015/849 «On the prevention of the use of the financial system for money laundering and terrorist financing» was adopted. In accordance with the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, Ukraine was obliged to implement the provisions of this Directive into national legislation.

In 2016, the SFMS together with the NBU, the Ministry of Finance and other government agencies began work on developing amendments to the Law on Prevention. Following a significant number of meetings and discussions in September 2019, the draft of a new version of the Law «On preventing and counteracting to legalization (laundering) of the proceeds from crime, financing of terrorism and financing of proliferation of weapons of mass destruction» was submitted to the Verkhovna Rada of Ukraine. On December 6, 2019 the draft law was adopted by the Verkhovna Rada of Ukraine and entered into force on April 28, 2020.

Also, the SFMS has taken steps to develop proposals for improving regulations in the field of AML/CFT. Thus, for the period from 2003 to 2021 more than 250 legal acts developed by the SFMS were adopted, and more than 800 draft of the legal acts developed by other state bodies were approved.

10.

COORDINATOR OF THE FINANCIAL MONITORING SYSTEM

National policy and activities are well coordinated by the FIU and the Ministry of Finance of Ukraine in accordance with the law. Both government agencies are active. At the national level, significant initiatives have been and are being taken to address key and other risks associated with money laundering/terrorist financing.

Report of the MONEYVAL (December, 2017)

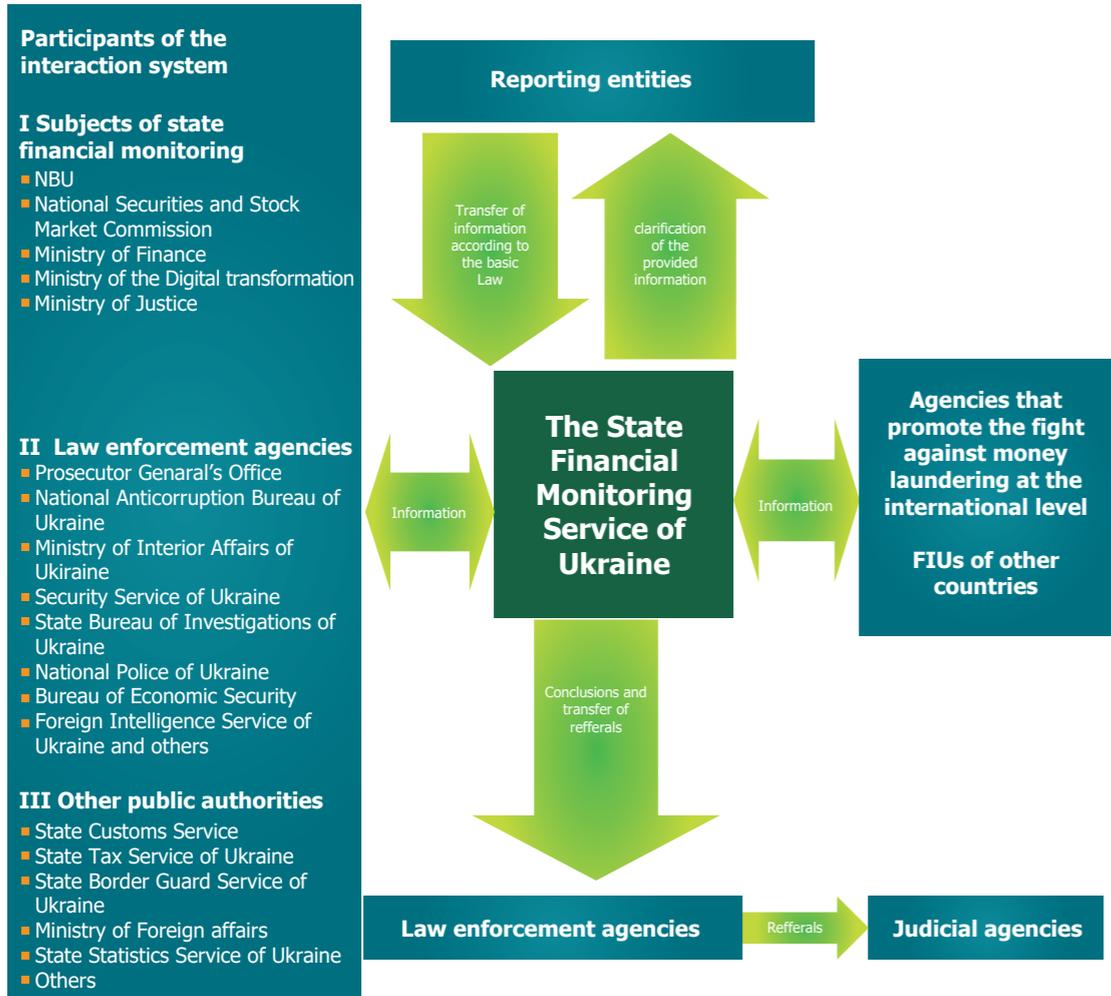
The main goal of coordination is a stable, efficient and effective exchange of information with the participants of the financial monitoring system.

The financial monitoring system consists of initial and state levels and covers tens of thousands of employees in the private and public sectors.

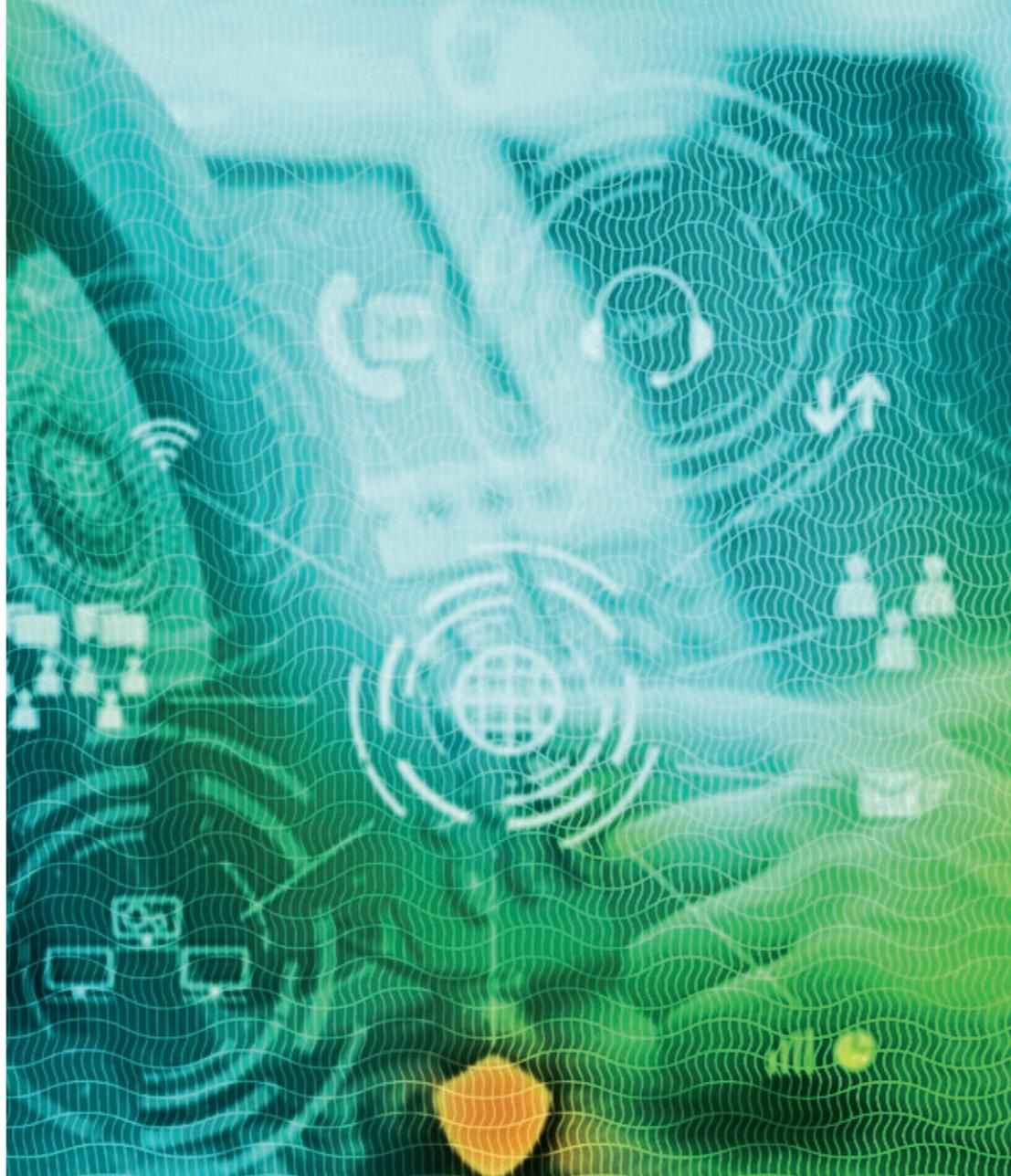
In particular, in the private sector they are employees of the banking sector and the insurance sector, participants in the stock and exchange markets, postal operators, representatives of all other types of financial and non-financial institutions, such as notaries, lawyers, auditors, accountants, etc.

At the state level, they are participants of the financial monitoring system:

- ▶ law enforcement and intelligence agencies authorized to investigate cases with ML/TF – Security Service of Ukraine, Prosecutor General’s Office, National Police of Ukraine, National Anti-Corruption Bureau of Ukraine, State Bureau of Investigation, Foreign Intelligence Service of Ukraine and Bureau of Economic Security;
- ▶ judicial authorities which consider ML/TF case;
- ▶ bodies involved in preventing financing proliferation of weapons of mass destruction – Ministry of Foreign Affairs of Ukraine, Ministry of Economy of Ukraine, State Service for Export Control of Ukraine;
- ▶ financial market regulators – National Bank of Ukraine and National Securities and Stock Market Commission;
- ▶ non-financial market regulators – Ministry of Justice of Ukraine, Ministry of Finance of Ukraine, Ministry of Digital Transformation;
- ▶ specialized units of other public authorities involved in financial monitoring – State Treasury Service of Ukraine, State Audit Service of Ukraine, Antimonopoly Committee of Ukraine, Accounting Chamber etc.



Pic 10.1. Coordinating role of the SFMS



The Day of the financial monitoring system employee

On November 28, 2020 at the initiative of the SFMS, the Ministry of Finance of Ukraine and at the request of the Cabinet of Ministers of Ukraine the President of Ukraine signed the Decree «On the day of financial monitoring system employee» No 523, which introduced in our country November 28 as a Day of financial monitoring system employee.

It was on this day in 2002 that the Verkhovna Rada of Ukraine adopted the first in the history of independent Ukraine Law on prevention and counteraction to legalization (laundering) of proceeds from crime, which launched the national system of financial monitoring.



Pic. 10.2. Decree of the President of Ukraine

The introduction of this professional day by the President of Ukraine is a recognition of the high authority of the measures taken by the participants of the national financial monitoring system and the significant results of its work.

The main mechanisms of system coordination:

1. The AML/CFT Council, as an advisory body to the Government

The Council for the preventing and counteracting to legalization (laundering) of the proceeds from crime, financing of terrorism and financing of the proliferation of weapons of mass destruction (hereinafter – Council) is a temporary advisory body of the Cabinet of Ministers of Ukraine.

Since 2003, organizational and analytical support of the Council's work has been carried out by the SFMS continuously and systematically.

The activities of the Council and its composition are regulated by a Government Resolution. The Head of the Council is the Head of the SFMS.

Meetings of the Council are held at least twice a year.

The Council consists of 32 representatives of relevant state, law enforcement and judicial agencies.

The main task of the Council is to promote coordination of authorities and other organizations actions on the implementation of measures in the field of AML/CFT.

During 2003 - 2021 the SFMS organized and held 100 meetings of the Council.

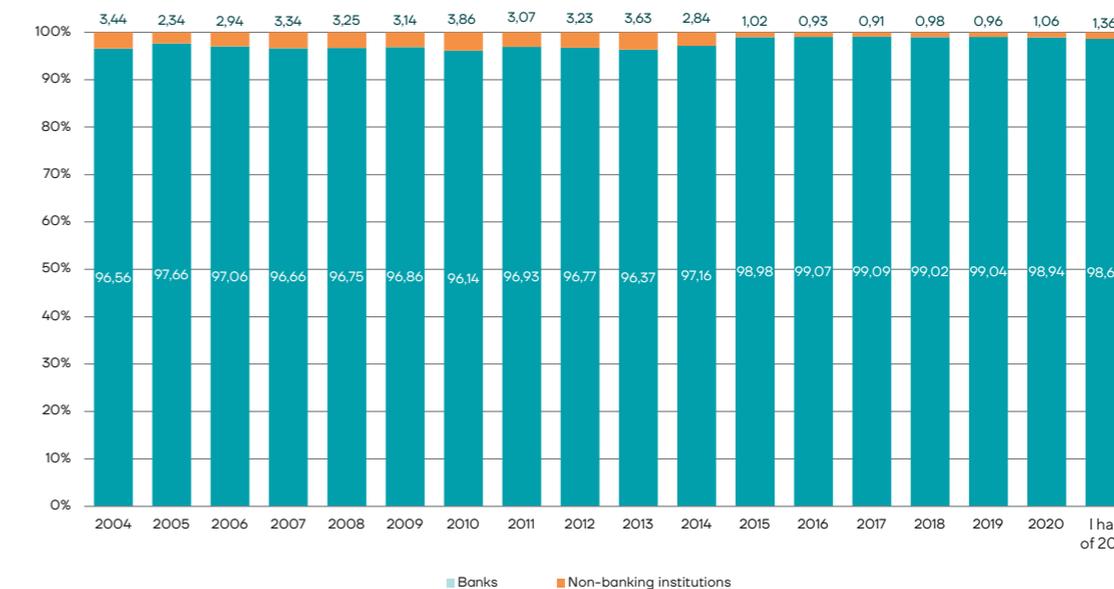


2. Interaction with reporting entities

The initial level of the financial monitoring system consists of reporting entities, which are represented by banking and other financial institutions, as well as non-financial institutions and professions.

They provide information for analysis to the SFMS and further decision-making.

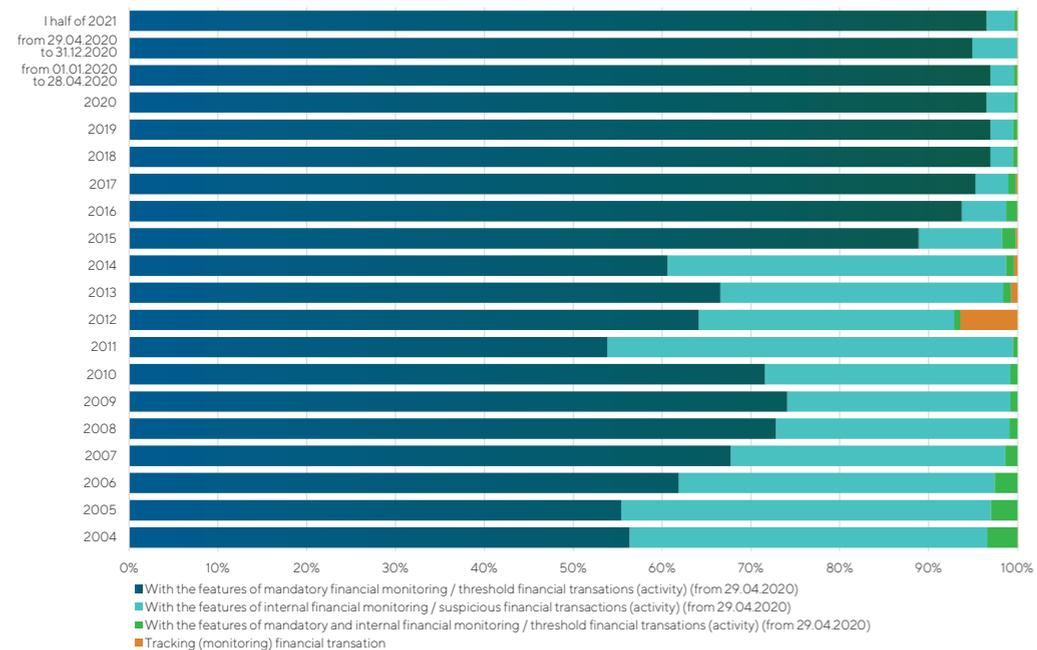
Share of financial transactions from banks and non-banking institutions in the total registered number of submitted reports during 2004-I half of 2021



Pic. 10.3. The statistics of registered reporting entities reports

All reporting entities are required to register with the SFMS for further submission of information on financial transactions.

The share of financial transactions in the total number of registered by the SFMS, in terms of financial monitoring features during 2004-I half of 2021



Pic. 10.4. Statistics of registered reports in terms of features

In the framework of cooperation with reporting entities, the SFMS provides:

- ▶ training and advanced training of employees of reporting entities on the basis of the «Academy of Financial Monitoring»;
- ▶ preparation and publication of methodological guidelines on financial monitoring;
- ▶ formation and notification of the list of terrorists;
- ▶ consultations by phone of the «hotline» of the SFMS;
- ▶ addressing problematic issues of reporting entities on the basis of specialized working groups, etc.

3. Interaction with law enforcement and intelligence agencies



The result of the financial study is formed into an analytical product case referral/additional case referral (CR/ACR), which is intended for transfer to law enforcement and intelligence agencies.

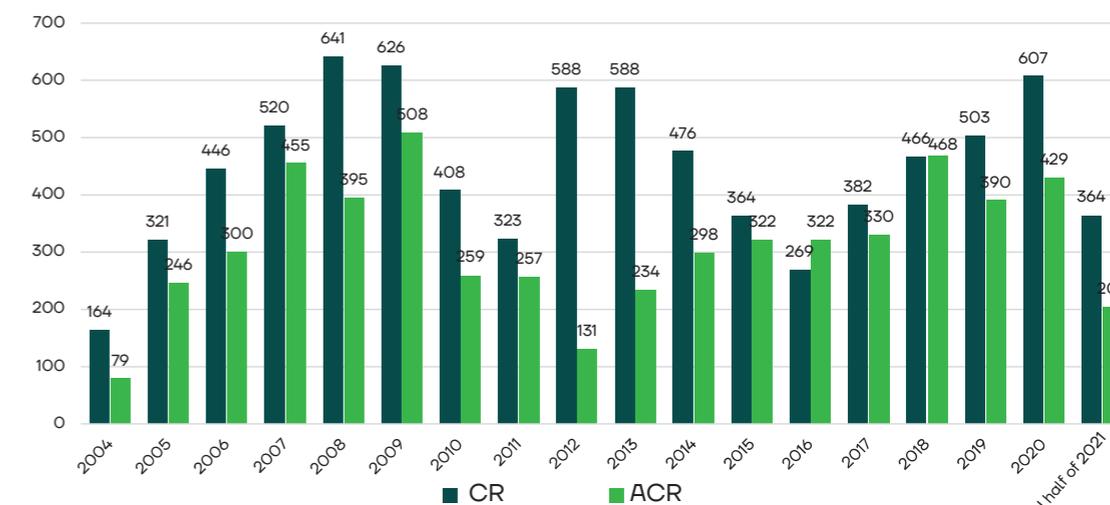
At the same time, the SFMS reflects the grounds for suspicion of ML in case referrals, based not only on its own conclusions, but also using supporting documents, information from law enforcement and intelligence agencies and foreign colleagues.

In fact, a case referral is a report of a criminal offense and may be the basis for the implementation of law enforcement and intelligence agencies of Ukraine operational search and counterintelligence activities.

The SFMS has an expert commission to consider case referrals and additional case referrals prepared for submission to law enforcement and intelligence agencies.

Law enforcement specialists may be involved in the meetings of the expert commission as experts.

Number of case referrals and additional case referrals submitted by the SFMS to law enforcement agencies during 2004-I half of 2021



Pic. 10.5. Statistics of transmitted case referrals

The procedure for the dissemination of the case referrals by the SFMS on suspicious financial transactions and obtaining information on their processing is regulated by joint documents of the Ministry of Finance with law enforcement and intelligence agencies.

The SFMS quarterly reconciles data on the status of case referrals, based on the results of which reconciliation reports are drawn up.

Accounting of case referrals and the state of their consideration is carried out by maintaining an electronic control card of accounting for the passage of case referrals. The case referrals are sent to law enforcement and intelligence agencies in paper and electronic form and have a stamp for official use only.

4. Interaction with the financial monitoring entities (SFMEs)



Within the framework of the current regulations, the SFMS submits to the state regulators:

- ▶ administrative data on financial transactions subject to financial monitoring, which were obtained by the SFMS from the reporting entities (REs);
- ▶ statistics on errors made by the REs in submitting information;
- ▶ information on the state of the REs accounting in the SFMS;
- ▶ information on the facts revealed by the SFMS that may indicate a violation of the requirements of the legislation by the REs;
- ▶ information on the analysis of ML/FT methods and financial schemes

Also, in accordance with the signed joint agreements and protocols, the SFMS on a regular basis receives from state regulators information with lists of the REs and information on the results of the REs inspections.

5. Joint documents on cooperation and information exchange

The SFMS has concluded documents on interdepartmental cooperation with 28 state, law enforcement, judicial bodies, institutions and organizations¹, in particular with:

- ▶ 4 state regulators;
- ▶ 9 law enforcement agencies;
- ▶ 15 other bodies, institutions and organizations.

Also, the SFMS has concluded 26 framework memoranda on general principles of cooperation with government agencies, institutions and organizations².

6. Preparation of the annual national report

Since 2002, in compliance with the requirements of the Basic Law, the SFMS annually prepares a Report on the state of the AML/CFT system and submits it to the Verkhovna Rada of Ukraine.

The Report highlights the main activities results of the participants of the national financial monitoring system in the field of AML/CFT.

The Report is a prepared analytical information, summarized and structured by the SFMS, which was received from law enforcement agencies, regulatory bodies and other participants of the national financial monitoring system.

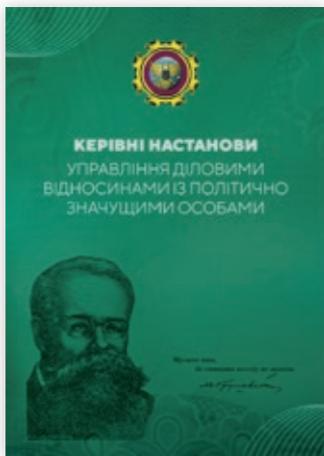
¹ The list of documents is provided in Annex B.

² A list of memoranda is provided in Annex C.

7. Methodological support of the financial monitoring system

In order to provide methodological support to the reporting entities and other state bodies, the SFMS provides:

- ▶ conduction of educational methodological activities for system participants on the basis of relevant educational institutions;
- ▶ training of the REs representatives and representatives of state bodies on the basis of the Academy of Financial Monitoring;
- ▶ provision of consultations to the REs within the framework of the “hotline” work;
- ▶ sending letters of methodical nature to the entities;
- ▶ preparation of methodical recommendations, guidelines on financial monitoring issues for the system participants, which contain recommendations that help the reporting entities to understand better the risks inherent in their activities and fulfill their obligations under the law effectively.



Pic.10.6. Guidelines of the SFMS

8. Quality management

In order to identify areas for improving the effectiveness, efficiency and quality of its activities, the SFMS has introduced and has already conducted two reviews of the quality management system, using the European model of quality management Common Assessment Framework (CAF).

The review identified the current state of affairs in the SFMS, strengths, hidden opportunities and potential. The analysis of functioning efficiency of the basic working processes was carried out and proposals for improving of these processes were developed. Also, the efficiency, effectiveness and quality of interaction of independent structural subdivisions of the SFMS were evaluated.

Based on the results of the review, an action plan was prepared to improve the quality management system, which was approved by the relevant order of the SFMS.

9. Transparency of beneficial ownership

In April 2019, the team, which was formed under the leadership of the SFMS, with the idea of “Mechanism for verification of ultimate beneficial owners (UBO)” called “DO100%VIRNO” became the winner and received the award “Most Innovative Solution” based on the results of “Laboratory of projects for the implementation of the Association Agreement between Ukraine and the EU” (EU Association Lab), which was launched in July 2018 and was designed to create a new formation of civil servants.

This program was supported by the Advisory Fund for EU Association of Ukraine, implemented by the German Agency GIZ on behalf of the German Government, together with its beneficiary, the Government Office for the Coordination of European and Euro-Atlantic Integration, and with the participation of «1991 Open Data Incubator».

The main goal of the team is to implement the idea of developing a mechanism for validation and verification of ultimate beneficial owners (UBO) to ensure the transparency of corporate property in Ukraine. The team also included other government agencies and NGOs. As a result, the team developed a prototype of a 33-step Concept proposed for the introduction of a mechanism to verify business owners.

The purpose of the Concept is to fill the United State Register of Legal Entities, Individual Entrepreneurs and Public Organizations (USR) with reliable information on the UBO of

legal entities. The concept includes legislative proposals, procedures for their implementation and introduction of advanced IT solutions.



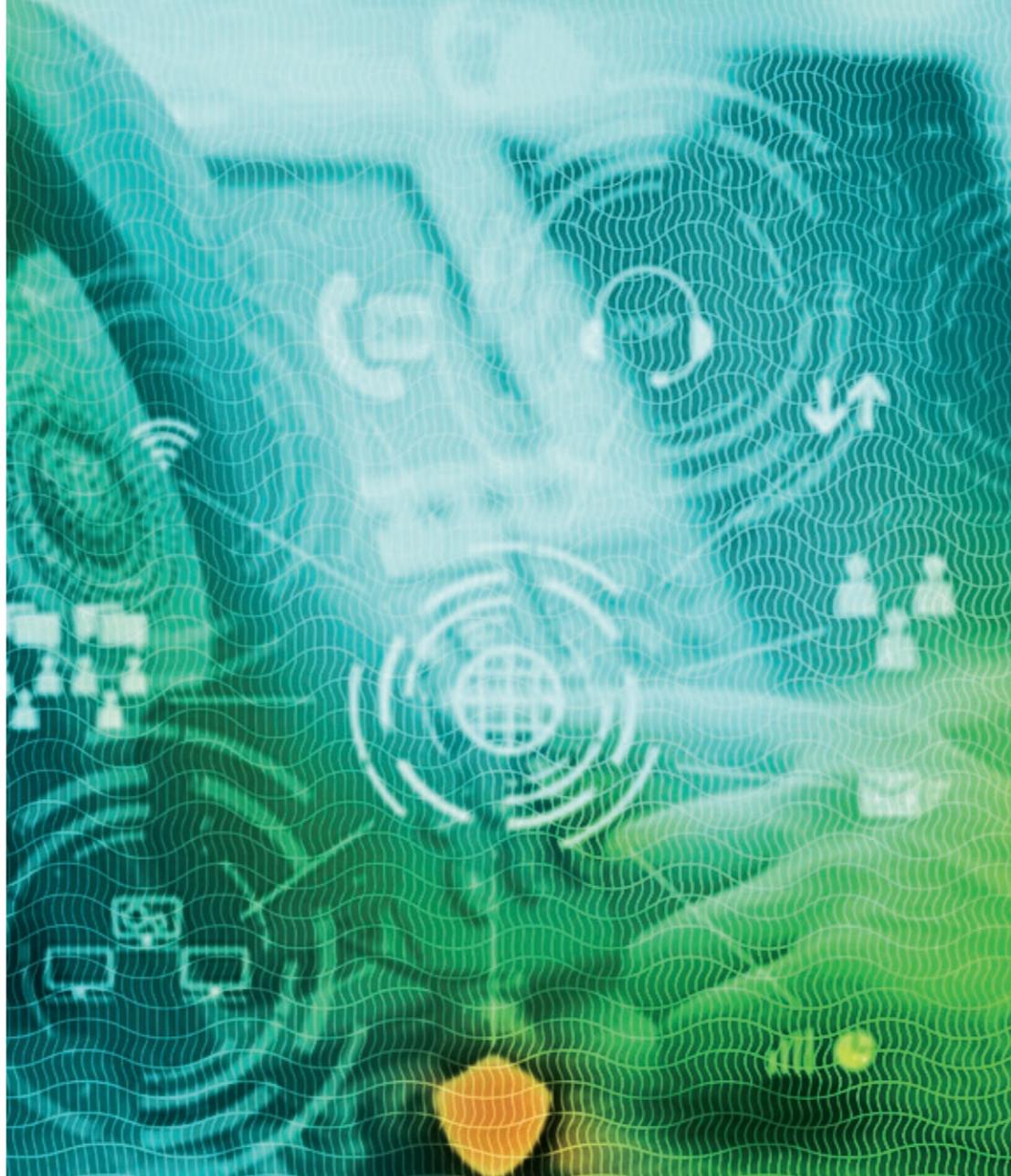
Pic. 10.7. Honourable distinction of the SFMS

10. Comprehensive administrative reporting

In accordance with the Basic Law, the SFMS has developed the Procedure for forming and publishing complex administrative reporting in the area of AML/CFT (hereinafter – the Procedure), which was adopted by Resolution of the Cabinet of Ministers of Ukraine of August 5, 2020 No. 692.

In pursuance of the Procedure, the SFMS has developed a List of indicators of comprehensive administrative reporting, which was approved by Order of the Ministry of Finance of September 14, 2021 No. 504.

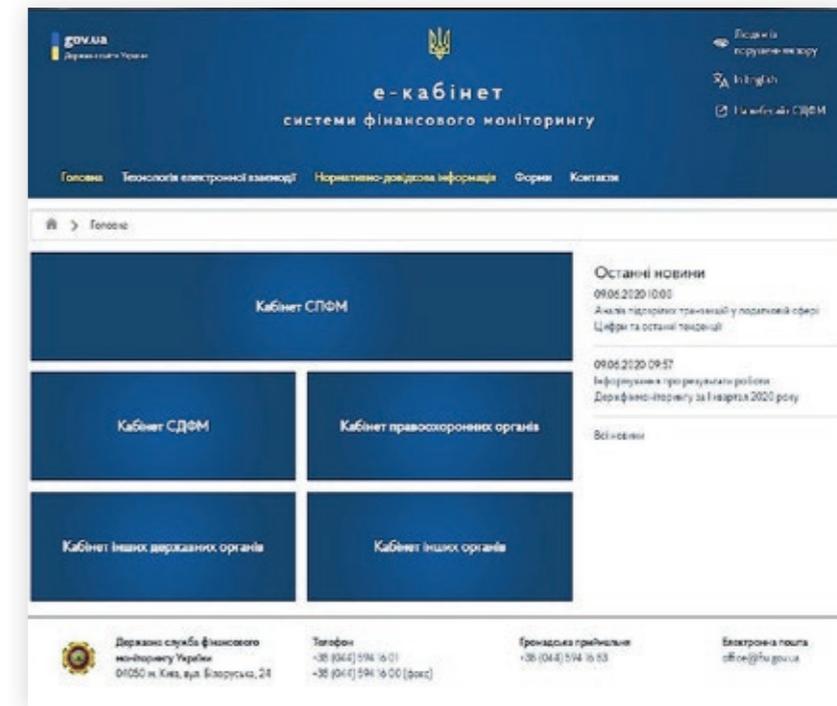
Currently, the SFMS is taking measures to introduce the formation of administrative reporting of the SFMS in the field of AML/CFT and with the support of the OSCE to develop and implement a web resource to automate and visualize this reporting.



11. E-cabinet financial monitoring system e-cabinet

Order of the Ministry of Finance of June 4, 2021 No. 322 adopted the Procedure for creating a personal account of the reporting entity and access to the financial monitoring system e-cabinet and the Procedure for sharing information between reporting entities and the State Financial Monitoring Service of Ukraine.

The e-cabinet is an electronic system of interaction between the SFMS and REs, SFMEs, law enforcement and other government agencies.



Pic.10.8. Homepage E-cabinet

11.

RISK MANAGER

Risk assessment is an important basis for managing them and building systemic guarantees of sustainability in the country. The National Risk Assessment (NRA) is an important step in outlining a shared vision of the risk base, as well as understanding what risks need to be considered, mitigated, leveled and/or transferred.

Methodology of conducting NRA

The obligation for the states to conduct NRA is stipulated by the FATF Recommendation 1.

In order to implement this FATF requirement, the Basic Law introduced the implementation of the NRA in Ukraine and determined the periodicity of its conducting.

The SFMS has been identified as responsible for conducting the NRA.

The NRA covers the AML/CFT system, including the activities of the SFMS, law enforcement agencies and the judiciary, the supervisory activities of the SFMEs, the financial sector and independent professional activities.

The NRA is conducted in accordance with the methodology of national ML/FT risk assessment in Ukraine (hereinafter – the methodology) prepared by the SFMS taking into account the best world practices of the NRA and the recommendations based on the results of the 5th round of mutual evaluation of Ukraine by MONEYVAL, agreed with the Ministry of Finance and endorsed by the AML/CFT Council.

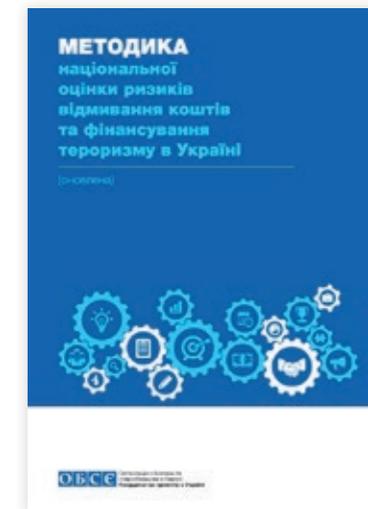
The procedure for the NRA conducting is determined by a joint Resolution of the Cabinet of Ministers of Ukraine and the NBU of August 5, 2020 No.690.

The role of the FIU as the NRA coordinator is to ensure the involvement of all relevant state institutions and the private sector in the NRA process.

Sources of information in the framework of the NRA are statistics or information from government sources (restricted and / or open), national and regional questionnaires, online surveys, interviews, working groups and seminars, collection of information from open sources, including international research and reports in the field of AML/CFT and proliferation financing (PF).

In the course of the NRA, threats of ML, FT and PF (person/group of persons, object or activity that can cause harm to the state, society, economy) are identified and assessed.

Threats are assessed in terms of national threats (internal/specific to a certain country) and transnational threats (external). Depending on the specifics of the AML/CFT systems, a country



Pic.11.1. General description of the NRA

may identify common threats of ML, FT and PF, or identify threats related to ML, FT or PF issues.

The report on the results of the NRA triggers the new process – development of a risk-based anti-legalization strategy of the country (Action Plan).

All NRA participants are involved in the development of the relevant Action Plan. The Action Plan should take into account all the risks identified during the NRA, regardless of the levels identified for them.

The Action Plan is approved by the Government and is mandatory for all participants of the financial monitoring system.

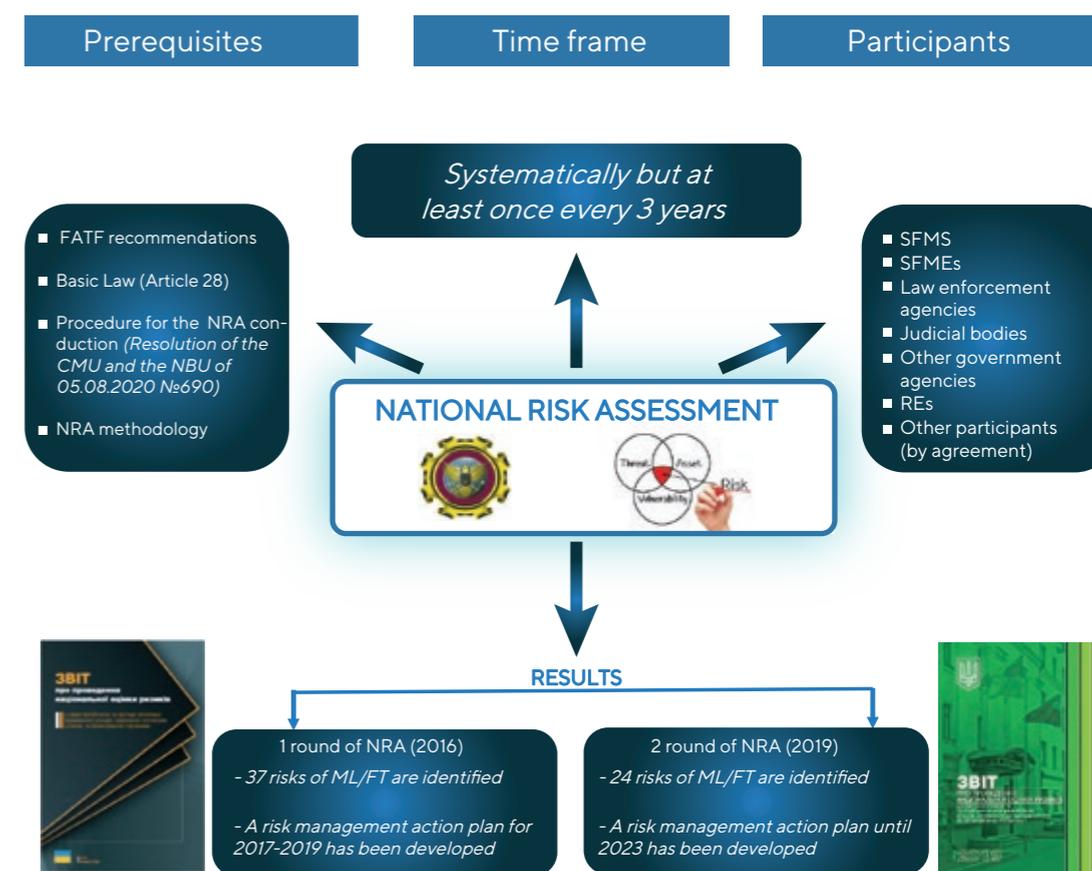
In order to monitor the implementation of the Action Plan, the SFMS systematically summarizes information on the results of its implementation and informs the Government.

Under the general coordination of the SFMS, 2 rounds of the NRA have been conducted in Ukraine so far: in 2016 and 2019.

The NRA has identified threats, vulnerabilities, and assessed the risks of ML and TF and their consequences.

The results of the NRA were brought to the notice of all participants of the financial monitoring system and published on the official website of the SFMS.

Currently, the SFMS is taking steps on the preparation for the next (third) NRA, which will take place in 2022.



Pic.11.1. General description of conduction the NRA

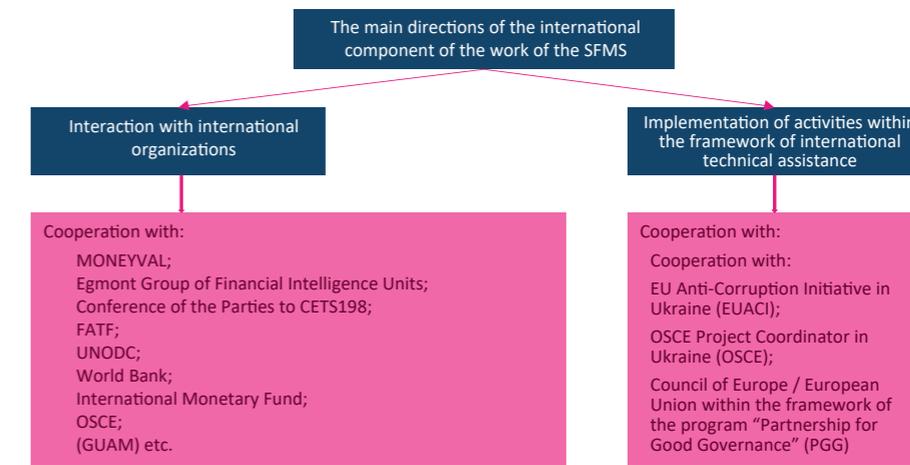
12.

INTERNATIONAL PARTNER



The SFMS, in order to prevent the emergence of preconditions for ML/FT; improve the effectiveness of cooperation with the competent authorities of foreign countries and international organizations which activities are focused on AML/CFT, professional development etc., actively cooperates with the Council of Europe (MONEYVAL), the Conference of the Parties to the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198), the Financial Action Task Force (FATF), the Egmont Group of Financial Intelligence Units, the United Nations Office on Drugs and Crime (UNODC), the World Bank, the International Monetary Fund, the Organization for Security and Co-operation in Europe (OSCE Project Co-ordinator in Ukraine), the European Commission (EU Anti-Corruption Initiative in Ukraine project), the Organization for Democracy and Economic Development (GUAM) and other international partners.

Since 2002, the SFMS representatives have been participating and representing the interests of Ukraine at MONEYVAL Plenary sessions (more than 60) on a regular basis, they are involved in typological research and mutual assessments of MONEYVAL member countries. Representatives of the SFMS are members of the MONEYVAL Working Group on Mutual Evaluations in the framework of the procedures of the 5th round of mutual evaluations of MONEYVAL member countries.



Pic. 12.1. The main directions of international work

According to Resolution of the Cabinet of Ministers of Ukraine of September 13, 2002 No. 1371 "On the Procedure for Participation of Central Executive Bodies in the International Organizations Activities where Ukraine is a Member" the SFMS is responsible for cooperation with the MONEYVAL, Egmont Group of Financial Intelligence Units, Conference of the Parties to the CETS 198, Eurasian Group on Combating Money Laundering and Financing of Terrorism (in the observer status).

The SFMS takes a part in activities on a regular basis, in the framework of cooperation with NATO and the EU.

Thus, the SFMS is responsible for the activities identified in the annual NATO-Ukraine national programs. Representatives of the SFMS take an active part in events organized under the auspices of NATO (Government bodies meetings, trainings, round tables, working meetings, etc.). The leadership of the SFMS is included into the Government Commission for the Coordination of Euro-Atlantic Integration.

At the same time, the SFMS, being responsible for the number of measures on AML / CFT, focuses its activities on approximation of the national legislation to the European Union standards.

Thus, the SFMS on a regular basis:

- ▶ presents the results of its work at meetings of joint governing bodies and the EU (Ukraine-EU Association Committee, specialized subcommittees, clusters, etc.);
- ▶ reports to the Government on the implementation of the EU-Ukraine Association Agreement, as well as on the implementation by Ukraine of measures in the framework of visa liberalization regime with the EU;
- ▶ conducts a constructive dialogue with the EU representatives regarding the fulfillment of Ukraine's obligations in the framework of receiving and using EU macro-financial assistance; etc.

In addition, the SFMS participates on an ongoing basis in the Conference of the Parties to the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198) by providing information on the state of implementation by Ukraine as a member-state of the articles of the mentioned Convention and participation in international events held under the auspices of the Conference.

Representatives of the SFMS participate in events organized by the FATF, as well as the SFMS provides information on a regular basis at the FATF request.



As one of the most developed financial intelligence units in the world and having a high reputation, the FIU provides advisory assistance to financial intelligence units of other countries in the development and improvement of their national AML/CFT systems.

Assessments of international organizations in official reports on the effectiveness of the State Financial Monitoring Service of Ukraine	
FATF February 2004	The SFMS of Ukraine has the potential to be a very effective financial intelligence unit. The evaluation mission team was impressed with his achievements and plans for the future. The SFMS actively collects, analyzes and transmits information on suspicious or unusual transactions to the competent authorities of Ukraine
IMF September 2005	The SFMS has quickly developed its capacity to provide all the components needed to perform FIU functions
EU Evaluation Mission in Ukraine May 2006	The SFMS has an effective anti-money laundering strategy. The SFMS is a young organization and therefore did not have to deal with established structures and methods. This is probably the most advanced body in Ukraine. It should be singled out as a model of "best practice" that other law enforcement agencies should follow
MONEYVAL 3rd Evaluation Round March 2009	Traditional tasks for the financial intelligence unit (receiving, analyzing and disseminating reports of suspicious transactions) are effectively performed by the SFMS, which, through the Unified Information System, has direct access to numerous databases of state bodies of Ukraine
EU Evaluation Mission in Ukraine October 2015	Progress has also been made in the coordinating issue of the training programs of various law enforcement agencies and partners. The SFMS occupies a leading position. On a positive note, the FIU and its Training Center continue to teach guidelines for the private sector
MONEYVAL 5th Evaluation Round January 2018	The Financial Intelligence Unit (SFMS) provides high-quality financial intelligence and strategic analysis based on a wide range of sources, including a very large number of reports submitted by the REs. Cooperation at the operational level and the exchange of information between the authorities are generally positive, especially where the FIU is involved

Pic. 12.2. Assessmetns of international organizations

Implementation of activities within the framework of international technical assistance

In order to strengthen the capacity of the financial monitoring system to combat ML and FT, institutional capacity building in the field of AML/CFT, since 2003 the SFMS has been actively involving and using international technical assistance through the implementation of such project activities, namely:

2003-2005

- ▶ Project against Money Laundering in Ukraine (MOLI-UA).

2006-2009

- ▶ Project against Money Laundering and Terrorist Financing in Ukraine (MOLI-UA-2).

2007-2015

- ▶ Technical Assistance and Information Exchange instrument (TAIEX).

2013-2021

- ▶ Annual projects of the OSCE Project Coordinator in Ukraine.

2016-2017

- ▶ Project of the Turkish Cooperation and Coordination Agency (TIKA) under the Council of Ministers of the Republic of Turkey «Increasing the Level of Institutionalization in the Public Administration System».

2016-2019

- ▶ International Technical Assistance Project of the Republic of Poland.

2017-2021

- ▶ Project «European Union Anti-Corruption Initiative in Ukraine» (EUACI).

2019-2021

- ▶ Project «EU-ACT: the EU Action against Drugs and Organised Crime, an intensive cooperation and capacity building to combat organised crime in drug trafficking along the heroin route».

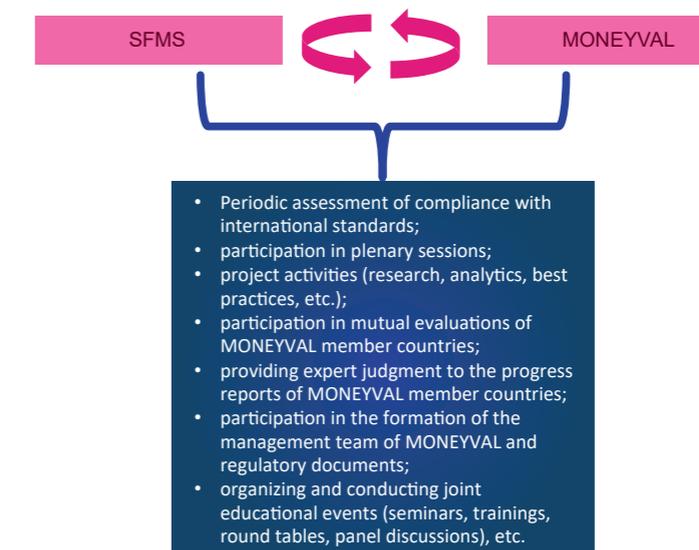
2019-2021

- ▶ Project «Strengthening Measures to Counter Money Laundering and Financing of Terrorism in Ukraine» under the EU/CoE Partnership for Good Governance (PGG) Program to support Eastern Partnership countries to counter economic crime.



The SFMS – the representative of Ukraine in MONEYVAL

The main purpose of MONEYVAL is to conduct mutual evaluations of countries for technical implementation of FATF standards and the effectiveness of national systems. The compliance of their member countries with all international standards in the legal, financial and law enforcement sectors is assessed by providing expert assessment in the course of mutual evaluations. In turn, the ultimate goal is the ability of Council of Europe member states to have effective AML/CFT systems and to comply with current international standards.



Pic. 12.3. Cooperation with MONEYVAL

Since 2002, the SFMS has been actively and fruitfully cooperating with MONEYVAL. Three SFMS representatives are certified experts-evaluators of MONEYVAL.

Cooperation with MONEYVAL is carried out in the following main areas:

- ▶ participation in plenary sessions;
- ▶ project activities (research, analytics, best practices, etc.);
- ▶ participation in mutual evaluations of MONEYVAL member states;
- ▶ providing expert assessment of Follow-up reports of MONEYVAL member states;
- ▶ participation in the formation of MONEYVAL management staff and regulatory documents;
- ▶ organization and holding of joint educational events (seminars, trainings, round tables, panel discussions), etc.

During this cooperation, Ukraine passed the 1st, 2nd, 3rd and 5th rounds of mutual evaluation of the national financial monitoring system carried out by MONEYVAL. Due to the tragic events that took place within the framework of the Revolution of Dignity in 2014, Ukraine did not go through the 4th round of mutual evaluation.



Pic. 12.4. Title Pages of MONEYVAL Reports



According to MONEYVAL, Ukraine, after passing each round of mutual evaluation, has shown significant progress in building a national anti-legalization system. In particular, following the results of yet another (5th) round of mutual evaluation of the national financial monitoring system by MONEYVAL in 2017, the Mutual Evaluation Report confirmed that Ukraine is a reliable jurisdiction in matters of AML/CFT, that does not require special control measures (red flags) by MONEYVAL and FATF.

An important indicator for Ukraine was the recognition by MONEYVAL of positive dynamics achieved by the national financial monitoring system for compliance with FATF standards, which was reflected in the recent Follow-up Reports of Ukraine in the field of AML/CFT following the 5th round of MONEYVAL mutual evaluation.

Work in the Egmont group

History of cooperation

Since 2004, the SFMS has been a member of the Egmont Group of Financial Intelligence Units (hereinafter – the Egmont Group), which currently unites FIUs of 167 jurisdictions around the world.

The purpose of the Egmont Group is to ensure the exchange of information on suspicious transactions related to ML and associated crimes through secure communication channels, to promote the implementation of national programs in this area, to increase the effectiveness of the FIU.

Working groups

In order to fulfil its mission of development, cooperation and exchange of experience, the Egmont Group has established 4 working groups: the Information Exchange on Money Laundering/Terrorist Financing Working Group (IEWG), the Membership, Support, and Compliance Working Group (MSCWG), the Policy and Procedures Working Group (PPWG), the Technical Assistance and Training Working Group (TATWG), which meet periodically, and the Egmont Centre of FIU Excellence and Leadership (ECOFEL).

Egmont meeting

In 2007, Ukraine became the first country in the post-Soviet space to be chosen as the venue for the Egmont Working Groups meetings. The SFMS organized and held a meeting of the Egmont Group Working Groups in Kyiv, which was attended by 125 FIU representatives and international

experts.

Areas of cooperation

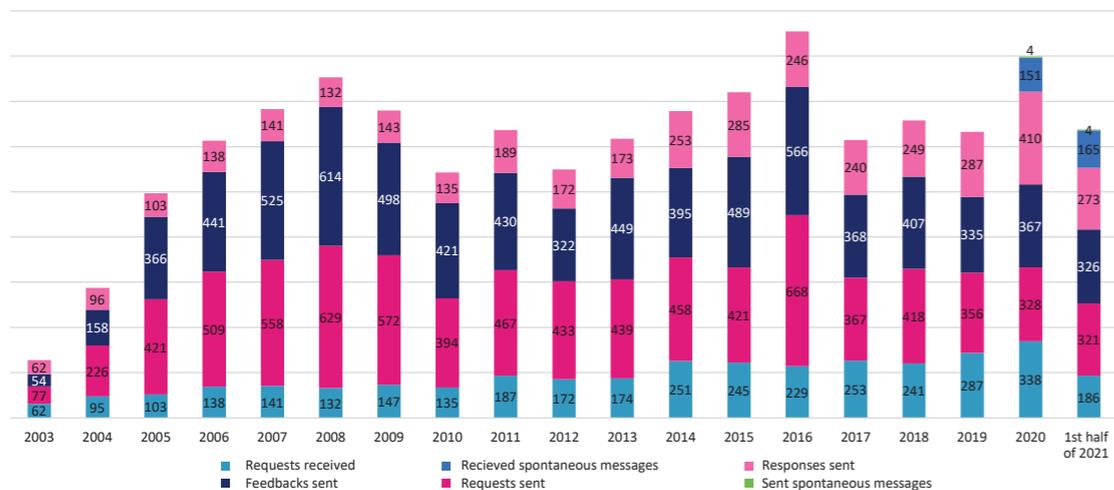
The activities of the SFMS in the Egmont Group are divided into two areas.

The first area, which is the main one, is the interaction of the SFMS with the FIUs of the Egmont Group member states, in terms of exchange of intelligence related to AML/CFT issues, the qualitative and quantitative indicators of which are constantly growing.

Results of cooperation

During 2003 – the first half of 2021, the SFMS cooperated with 157 FIUs, in particular:

- ▶ 8062 requests were sent to FIUs of foreign states and 7531 responses to requests from FIUs of foreign states were received;
- ▶ 3516 requests were received from foreign FIUs and 3727 responses were submitted to FIUs of foreign states.



Pic. 12.5. Exchange of information with foreign FIUs



The intelligence exchange of the SFMS with the Egmont Group member states is not limited to information on financial transactions that may involve the ML and their participants. Its list is much broader and covers FT-related financial transactions, predicate crimes such as corruption, tax evasion, fraud, human and drugs trafficking and many other crimes.

Working Group Meetings

The second area of cooperation is participation in the meetings of the Working Groups, Plenary Sessions, project activities of the Egmont Group.

Thus, only during the last years of work in the meetings of the Egmont Group the SFMS has already carried out a large set of activities, namely:

- ▶ an information was sent to the Egmont Group on examples of cases related to the concealment of beneficial ownership of assets or transactions, on cross-border ML networks, on human trafficking, anti-corruption, professional ML intermediaries;
- ▶ participation as a member of the project team in four projects of the Egmont Group, in two of which in the role of co-leader, which relate to the role of the FIU in the assets recovery, as well as ML, obtained from corruption.

Participation in the Egmont Group projects:

- ▶ related to AML, committing serious tax crimes, cybercrime and FinTech, FIU cooperation with customs authorities, etc;
- ▶ in the projects of working groups aimed at researching such issues as the fight against corruption, human and animal trafficking, terrorism, crimes in the field of forestry, COVID-19, etc.

Thus, the SFMS in recent years has become one of the most active FIUs among the members of the Egmont Group and ranks 2nd in the region in terms of activity in projects and other activities of the Egmont Group.

13.

PROGRESSIVE IT SYSTEM

A Unified information system is an information system that, by combining organizational and engineering measures, hardware and software, provides collection and processing information and data of state electronic information resources needed the SFMS to conduct a comprehensive analysis.

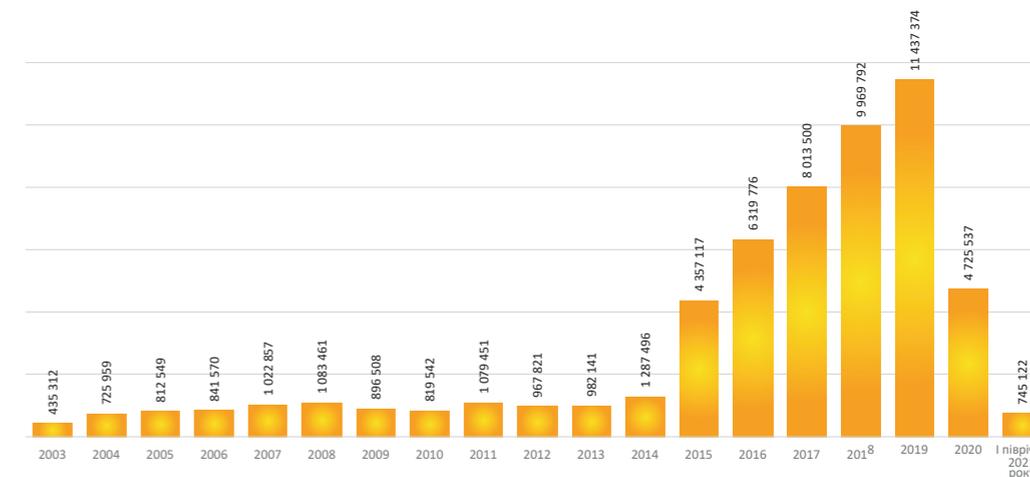
Resolution of the Cabinet of Ministers of Ukraine of July 22, 2020 No. 627

According to the Basic Law, one of the main tasks of the SFMS, which determine the directions of creation, operation and development of its information systems, are:

- ▶ collection, processing and analysis (operational and strategic) of information on financial transactions subject to financial monitoring, other financial transactions or information that may be related to the suspicion of ML/FT;
- ▶ ensuring the functioning and development of a unified information system in the field of prevention and counteraction of ML/FT (hereinafter – ISFM).

Creation and implementation of the ISFM and its components have been carried out by the SFMS staff in stages.

March 2003 – the beginning of the creation of the ISFM – the SFMS developed and put into trial operation the IAS – Information and Analytical System of the SFMS. In May–June, the hardware and software complex was deployed, a prototype of specialized application software IAS was created, which on June 10, 2003 passed successful testing with banks and on June 12, 2003 together with the entry into force of the Law of Ukraine “On Preventing and Counteracting to Legalization (Laundering) of the Proceeds from Crime” it was put into operation, which made it possible to collect, process and analyse financial monitoring information.



Pic. 13.1. Dynamics of reports

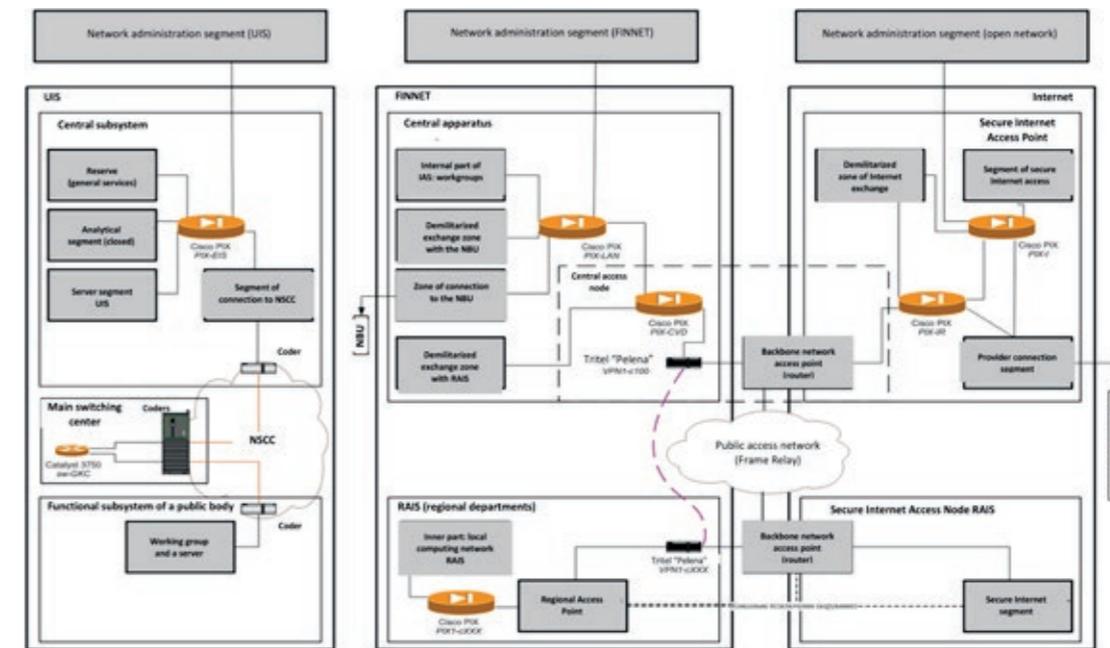
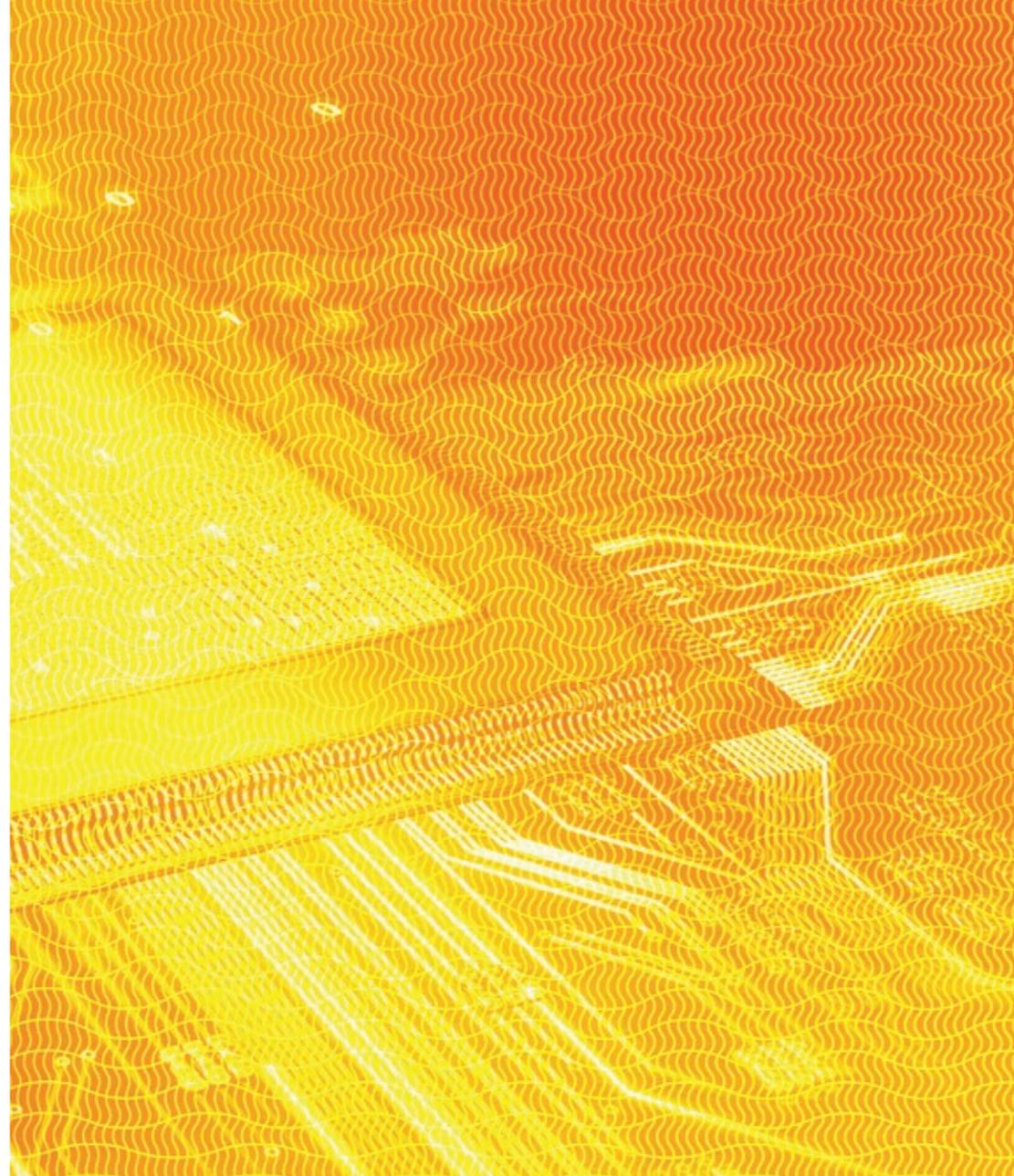
July 2003 – a visit of the President of Ukraine to the SFMS – Decree of the President of Ukraine of 22.07.2003 No. 740/2003 “On Measures Concerning Development of the System Counteracting to Legalization (Laundering) of the Proceeds from Crime and Financing of Terrorism” has resolved organizational issues of interdepartmental information system of cooperation in the field of counteraction to legalization (laundering) of the proceeds from crime, terrorist financing (hereinafter – UIS FM), and in December in accordance with Resolution of the Cabinet of Ministers of Ukraine “On the Unified State Information System in the Field of Preventing and Counteracting to Legalization (Laundering) of Proceeds from Crime, and Financing of Terrorism” of 10.12.2003 No. 1896 the creation of UIS FM began. This act determined the general principles of creation, main tasks, information resources of databases, structure, composition of subsystems, the main issues of functioning of UIS FM. Also, this Resolution adopted the Program of UIS FM creation in 2003–2007:

- ▶ stage 1 – (2003) – development of the sketch project of UIS FM;
- ▶ stage 2 – (2004) – development of the techno-working project, the basic design decisions and introduction of UIS FM in experimental operation;
- ▶ stage 3 – (2005–2007) – experimental operation and introduction of UIS FM into industrial operation.

In accordance with Regulation of the Cabinet of Ministers of Ukraine of 01.03.2007 No. 83–r “On establishment of a commission for taking into production of the Unified State Information System in the Field of Preventing and Counteracting to Legalization (Laundering) of Proceeds from Crime and Financing of Terrorism” a state commission was established, which from 5 to 14 March 2007 carried out the acceptance of UIS FM in operational status.

With the commissioning of this system, the SFMS was able to obtain additional information for financial investigations quickly and automatically.

In 2005, due to the establishment of regional units of the SFMS on the basis of the IAS, the development of the Secure Multiservice Automated Corporate System of the SFMS (hereinafter – FINNET) was launched, which provided the general information space for the SFMS and its separate subdivisions for collecting, processing, analysing financial monitoring information, supporting consideration of case referrals.



Pic. 13.2. General scheme of the logical structure of the SFMS networks

FINNET was commissioned in stages from 2006 to 2008.

FINNET included a central subsystem located in the premises of the SFMS (Biloruskastreet, 24) and 24 regional automated information systems (RAIS) located in the regional divisions of the SFMS in the regions of Ukraine and in the Autonomous Republic of Crimea.

Due to the reorganization and liquidation of the regional divisions of the SFMS since 2010, the RAIS have been decommissioned.

With the adoption in 2012 of the new FATF Standards (Recommendations) and a new methodology for their application, which significantly strengthened the requirements for national AML/CFT systems, as well as severe wear out and aging of ISFM hardware and software, the issues of further development of the ISFM were considered by the SFMS Board and the

ISFM modernization project for 2013–2015 was approved for 2013–2015.

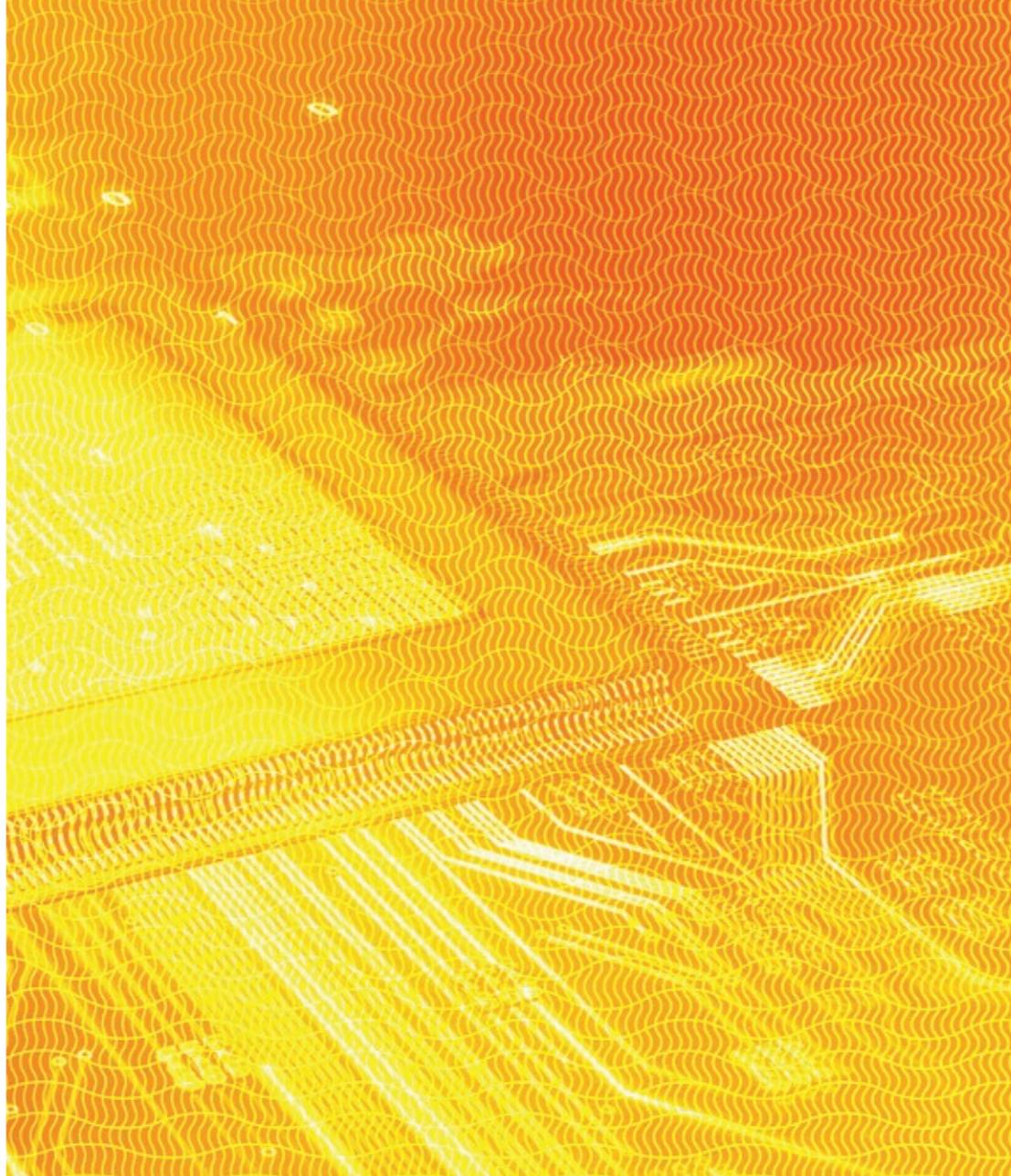
The lack of allocations for the modernization of the ISFM forced to postpone its start until 2017.

In summer of 2017, changes to the state budget allocated more than UAH 86 million for the modernization of the ISFM, which allowed to carry out the first phase of the modernization of the ISFM and update the hardware and software complex of the ISFM, information protection system and cybersecurity.

Since 2019, the second stage of ISFM modernization has been underway to improve its functionality.

Today, taking into account the trends of digitalization and digital transformation, to ensure high efficiency of the tasks defined by law, the main efforts of the SFMS on the development of ISFM are aimed at implementation of digital transformation priority areas, approved by Regulation of the Cabinet of Ministers of Ukraine of 17.02.2021 No. 365-r “Some Issues of Digital Transformation”, in particular, ensuring electronic interaction between the financial monitoring system entities (REs, SFMEs, law enforcement and other state bodies), as well as improving the implementation of operational and strategic analysis, including:

- ▶ introduction and development of a secure information and telecommunication system “e-cabinet”, which will provide the information exchange between the SFMS and the financial monitoring system (REs, SFMEs, law enforcement and other government agencies), as well as improve the system of storage and access to financial monitoring information;
- ▶ modernization of the analytical component of the ISFM, which will provide preliminary preparation of information for analysis and integration into a single automated workplace in the analytical system “e-case of financial monitoring” of effective operational and strategic analysis, collection of additional information, maintenance of electronic cases of financial monitoring investigations, support of case referrals due to the improvement of the available in ISFM means of analytical data processing, maintenance of a card index of case referrals, access to information resources of state bodies using API, including System of Electronic Cooperation “Trembita”, automation of information processing of state and law enforcement agencies, as well as introduction of analytical software for typological research and forecasting.



Pic. 13.4. ISFM Server



Pic. 13.3. Certificate of ISFM conformity

14.

ADMINISTRATOR OF TRAINING PROCESSES



On the basis of the FIU there is a Training Center, which offers various training programs in the field of AML/CFT. Law enforcement and supervisory bodies are trained there at the head office in Kyiv, as well as in other regional offices throughout Ukraine on a permanent basis.

Report of the MONEYVAL (December, 2017)

In December 2004, in accordance with Regulation of the Cabinet of Ministers of Ukraine of December 13, 2004 No. 899-r, a state educational institution of postgraduate education was established, which belongs to the field of the SFMS management – “Training and Methodological Center for Retraining and Advanced Training of Financial Monitoring Specialists in the Field of Counteracting to Legalization (Laundering) of the Proceeds from Crime and Financing of Terrorism” (hereinafter – the Training and Methodological Center).

From the first days of its activity, the Training and Methodological Center has started to perform its main tasks, including: advanced training of specialists on financial monitoring issues in the field of AML/CFT, providing a unified approach to retraining and advanced training of SFMEs specialists, law enforcement and judicial bodies, REs representatives and compliance officers.

Every year, the activities of the Training and Methodological Center gained momentum both in terms of the number of students who underwent advanced training in it, and in terms of regional representation. Two years after the establishment of the Center (in 2006) a regional department was established in Lviv region, and two years later (in 2008) – a regional department in Kharkiv region. Over time, these units were reorganized into a training and methodological department in the Western region and a training and methodological department in the Eastern region.

In the implementation process of the Strategy for the development of the AML/CFT system (Order of the Cabinet of Ministers of Ukraine of August 30, 2017 No. 601-r), the Training and Methodological Center was renamed into the State Institution of Postgraduate Education “Academy of Financial Monitoring” (hereinafter – the Academy).

The Academy is a leading educational institution that provides advanced training for responsible employees of the REs and employees involved in financial monitoring. At the same time, it is the only educational institution in Ukraine for advanced training of specialists of public authorities in the field of AML/CFT.

The Academy is also an examination center, where the compliance officers of the REs and employees involved in financial monitoring pass exams, with the receipt of the corresponding certificate.

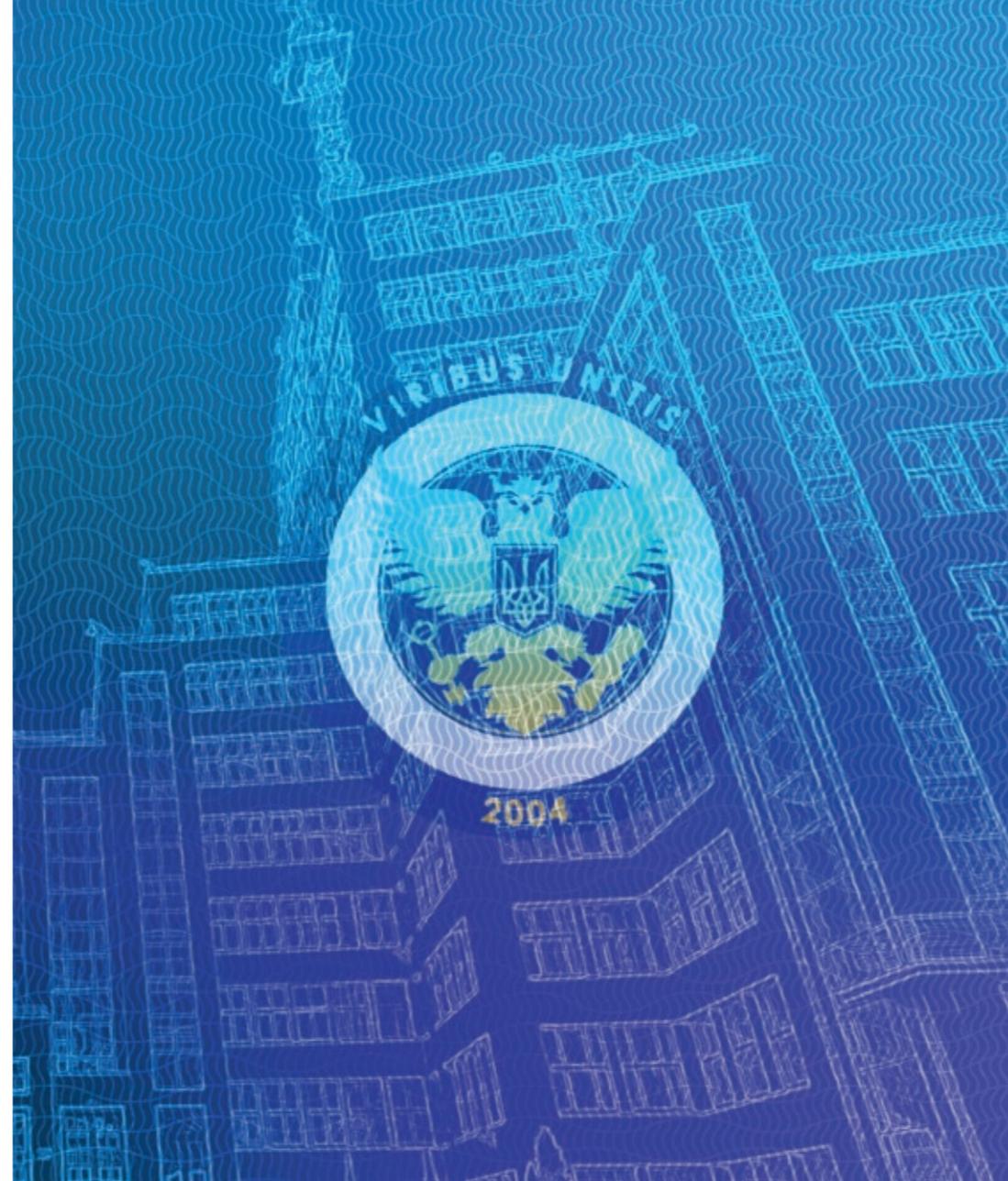
The educational programs of the Academy are products of practical experience of experts, created taking into account the experience of such international organizations as FATF,



Pic. 14.1. The building, which houses the Training and Methodological Center in the Western region (Lviv)



Pic. 14.2. The building of Derzhprom (the State Industry Building), which houses the Training and Methodological Center in the Eastern region (Kharkiv)



MONEYVAL and embodied in training courses in the form of lectures and workshops.

Cooperation with the European Union played a significant role in the formation of the national financial monitoring system, in particular, the Academy; the MOLI-UA and MOLI-UA-2 projects were implemented through it, funded by the European Commission and implemented by the Council of Europe.

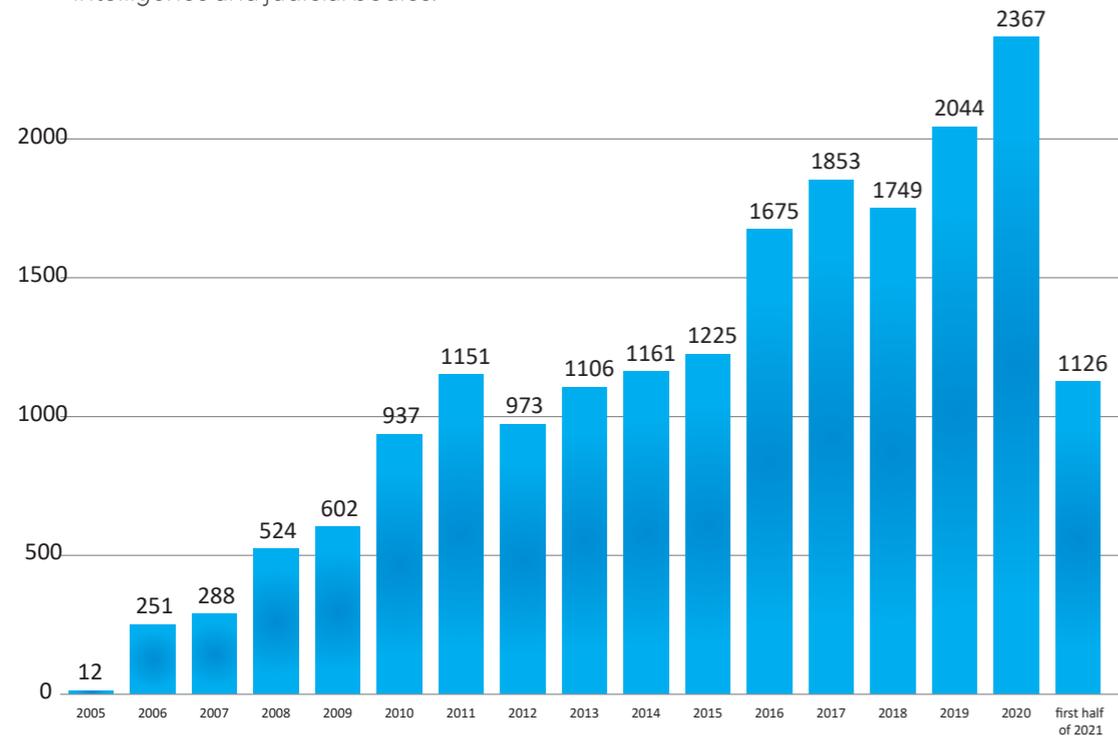
Due to the MOLI-UA-2 project, which lasted from May 2006 to April 2009, the material and technical base of the educational institution and its regional subdivisions was actually created.

The classrooms of the Academy are equipped with modern computer and presentation equipment.

Today the Academy it's:

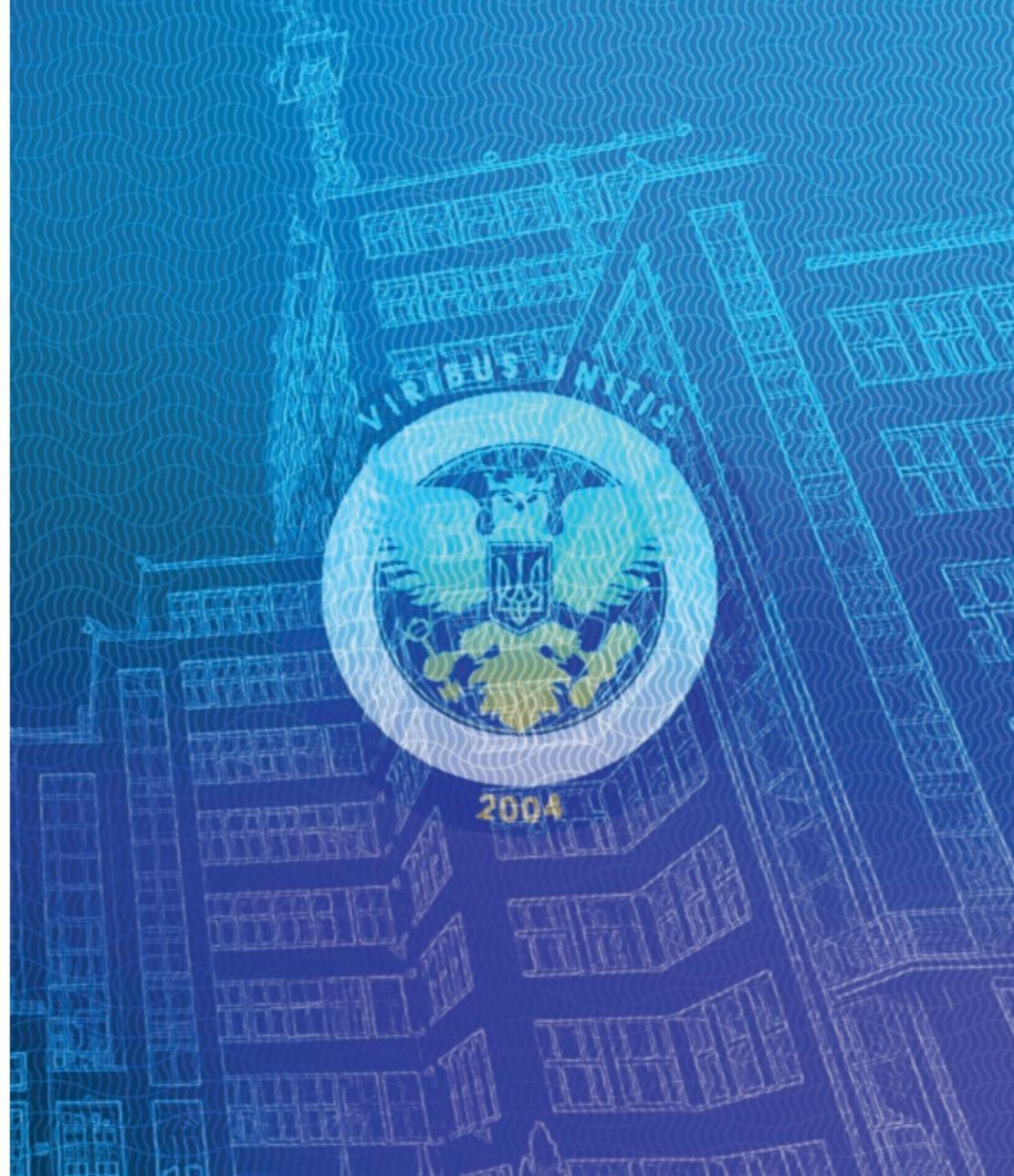
- ▶ more than 19 thousand students who were trained from 2005 to the first half of 2021, of which:
 - 8,991 representatives of public authorities;
 - 10,053 representatives of the REs;
- ▶ four training centers: the Center for Advanced Training of Public Bodies Employees and International Cooperation, the Center for Advanced Training of the REs, the Training and Methodological Center in the Western Region, the Training and Methodological Center in the Eastern Region;
- ▶ highly qualified teachers-practitioners from among the representatives of the SFMS, the Ministry of Finance, the NBU, the National Securities and Stock Market Commission, leading scientists of higher education institutions;
- ▶ training programs and training materials that are updated in accordance with changes in legislation;
- ▶ scientific work, the important results of which included participation in the creation of scientific and practical commentary to the Basic Law, Collection of regulations in the field of financial monitoring, Glossary in the field of financial monitoring, as well as participation in the NRA and preparation of the Report on its implementation;
- ▶ numerous international events with the participation of experts of the national and international levels;
- ▶ implementation of more than 50 memoranda of cooperation with international organizations, public authorities, educational and scientific institutions;

► advanced training not only in financial monitoring issues, but also in corruption prevention for the representatives of NACP, NABU, ARMA, Specialized Anti-Corruption Prosecutor's Office, SBI, National Police, Supreme Anti-Corruption Court of Ukraine, other law enforcement, intelligence and judicial bodies.



Pic. 14.3. Number of students who have improved their skills at the Academy

Representatives of the FIUs from foreign countries improve their skills at the Academy. At the supranational level, the Academy actively cooperates with such organizations as the



OSCE, the European Union Anti-Corruption Initiative in Ukraine (EUACI), the European Union Advisory Mission Ukraine (EUAM), the Turkish Cooperation and Coordination Agency (TIKA), the German Society for International Cooperation (GIZ), other organizations. In the framework of cooperation with the mentioned organizations, a number of events have been held with the participation of the Academy for representatives of state bodies in the field of AML/CFT, as well as the private sector.

In response to the challenges posed by the spread of COVID-19 coronavirus, a digital platform has been introduced at the Academy in 2020 to implement educational programs, as well as to provide training in financial monitoring, which allows organizing the educational process using online learning technologies.

The communication platform of the Academy is its Facebook page, Telegram channel and Web page <https://finmonitoring.in.ua>.



Pic. 14.4. Web page Academy

15.

COMMUNITY PARTNER

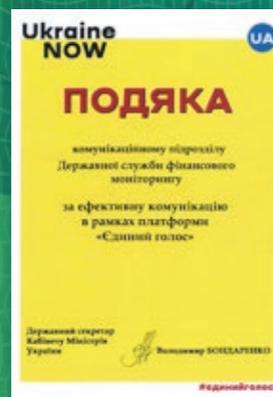


Рис. 15.1. Distinctions of the SFMS

The SFMS ensures close cooperation with civil society participants, primarily in:

- ▶ organization of the work of the Public Council under the SFMS;
- ▶ providing answers to citizens' appeals;
- ▶ conducting public expertise of draft regulations;
- ▶ informing the media about the work done;
- ▶ civil society access to open data and public information.

Public Council under the SFMS

Formation of the first public councils was initiated by the Resolution of the Cabinet of Ministers of Ukraine of October 15, 2004 No. 1378 "Some Issues on Ensuring Public Participation in the Formation and Implementation of Public Policy".

In order to improve the mechanisms of interaction of the SFMS with the public, since the establishment of the SFMS as a separate body, in 2005 the Public Council under the SFMS was established.

In general, taking into account the amendments to the acts of the Cabinet of Ministers of Ukraine on public participation, at the initiative of the SFMS, 6 Public Councils were formed and more than 65 meetings were held.

The SFMS has regularly informed the members of the Public Council about the main events in the field of AML/CFT.

Also, the SFMS annually approves the Indicative Plan for Public Consultations, which is agreed with the Public Council under the SFMS and posted on the official website of the SFMS.

In addition, in order to inform the public, every year the Head of the SFMS ensures the presentation of a Public Report, which is posted on the website of the SFMS.

According to the results of the information content monitoring of the official websites of the executive bodies conducted in 2020 by the State Committee for Television and Radio Broadcasting, the updated official website of the SFMS was recognized as the best among the central executive bodies.



Pic. 15.2. Main pages of the SFMS websites

In general, in the framework of public relations, the SFMS organizes:

- ▶ participation of public representatives in international scientific and practical seminars on AML/CFT issues;
- ▶ posting informational messages in the field of financial monitoring on the official website of the SFMS;
- ▶ posting information about the activities of the SFMS on its own pages on social networks Facebook, Twitter, LinkedIn, Telegram, YouTube;
- ▶ posting information materials of the SFMS on the Government Web portal.

16.

ANTI-CORRUPTION WORK

In pursuance of legislative acts on the prevention and detection of corruption, the SFMS, by Order of February 23, 2017 No.26 adopted changes to the structure of the SFMS and, within its maximum number of staff, allocated the position of the Chief Specialist for Prevention and Detection of Corruption (hereinafter – the Chief Specialist).

In accordance with Order of the SFMS of February 10, 2017 No. 20 “On the Organization of Corruption Risk Assessment and Development of the Anti-Corruption Program of the SFMS for 2017” the Commission on Corruption Risk Assessment in the activity of the State Financial Monitoring Service of Ukraine was established, its composition and Regulations were approved (hereinafter – the Commission)

The Commission annually assesses corruption risks in the activities of the SFMS, and takes measures to eliminate or minimize corruption risks.

In accordance with the Anti-Corruption Programs, the Chief Specialist annually conducts trainings with employees of independent structural subdivisions of the SFMS, enterprises, institutions, organizations belonging to the SFMS management sphere on compliance with the Law of Ukraine “On Prevention of Corruption” (financial control, electronic declaration, protection of whistleblowers, prevention of corruption and corruption-related offenses, prevention and settlement of conflicts of interest).

As part of anti-corruption measures, the HR department warns about the need to report on the work of close persons and conflicts of interest when hiring new employees.

The facts of violation of ethical norms of behaviour and conflict of interests by the employees of the SFMS were not revealed, which testifies to the employees’ awareness of anti-corruption legislation.

Employees of the SFMS are assisted in filling out the annual declaration of a person authorized to perform the functions of the state or local self-government, the timeliness of submission of declarations is checked.

The SFMS provides conditions for notifications, in particular, by its employees about violations of the requirements of the Law of Ukraine “On Prevention of Corruption” by another person, including the possibility to enter such notifications anonymously.

17.

SYMBOLICS



Emblem of the SFMS

The emblem of the SFMS is the image of a golden owl with outstretched wings, on the chest of which is depicted the small State Coat of arms of Ukraine, and in the paws - a key and a staff topped with a heraldic lily. This image is placed on a background of a blue globe with golden parallels and meridians.

(Decree of the President of Ukraine of June 15, 2006 No. 526/2006)



Flag of the SFMS

The SFMS flag is a rectangular cloth of madder color with a ratio of the parties 2: 3. The State Flag of Ukraine is depicted in the upper left corner of the cloth, and the emblem of the SFMS is depicted in the center of the free part of the cloth.

(Decree of the President of Ukraine of June 15, 2006 No. 526/2006)

18.

OFFICE



Since 2005, a separate administrative building of the SFMS is a five-storey building No. 24 on Biloruska Street in Kyiv, built in the late fifties of the last century, to which a six-storey annex, built in the late 70s, is perpendicularly attached from the courtyard. The courtyard area is limited by a retaining wall erected in the 80s. The land plot on which the administrative building of the SFMS is located occupies an area of 0.2349 hectares.

During 2003–2005, a complete reconstruction of the building was carried out, after which the total area of the administrative building is 5034.7 square meters, the complex includes a group of office spaces, a group of technical and ancillary facilities, and an open parking lot, including a ramp area. Landscaping and infrastructure development of the territory was carried out taking into account the functional purpose, features of the building and the territory. The reconstruction project was made taking into account the preservation of stylistic features of the surrounding buildings with the use of classical architectural elements and details of the facades with elements of «brick masonry».

In order to ensure the safety and proper operation of the administrative building and adjacent territories, in 2005 the SFMS established the State Enterprise «Operational and Property Management».

The SFMS museum is located within the SFMS premises. It consists of items and photo stands on historic, international, legal, education and methodical and award of the FIU of Ukraine subject matter.



Note: until 2005, the office of the SFMS was located in the premises of the Ministry of Finance of Ukraine on Mezhyhirska street 11 (Kyiv).

19.

AWARDS

Until 2012, in accordance with the orders of the SFMS of 28.07.2006 No.144 and 05.06.2009 No. 63 on the establishment of departmental incentive awards, the following awards were introduced in the SFMS.

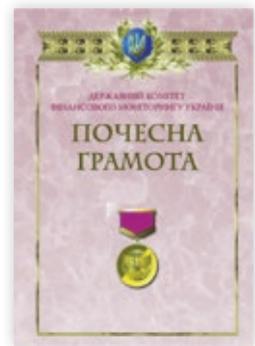
Breastplate «Honorary Employee of the State Financial Monitoring Service of Ukraine»



Breastplate «For high achievements in the development of the system of prevention and counteraction to legalization (laundering) of proceeds from crime» I, II and III degrees



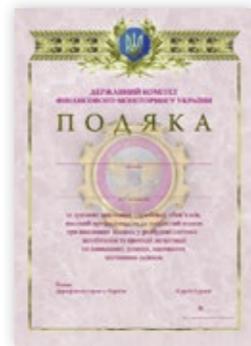
Certificate of Honor of the State Financial Monitoring Committee of Ukraine



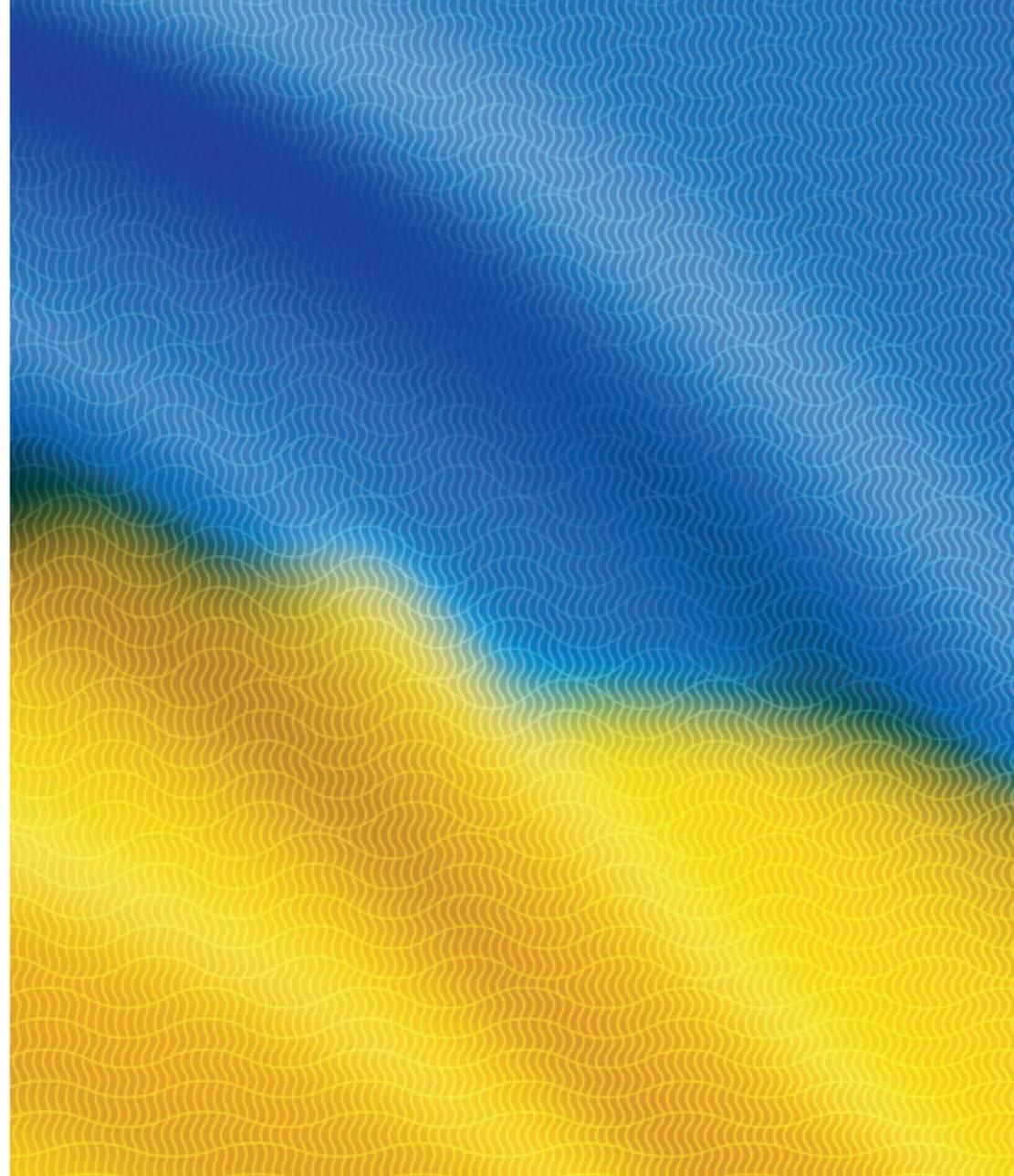
Breastplate «Honor and valor» I degree



Acknowledgement of the State Financial Monitoring Committee of Ukraine

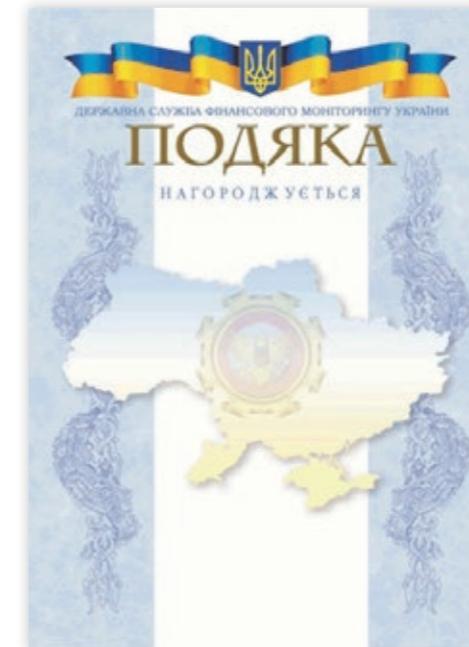


Breastplate «Honor and valor» II degree



To date, in accordance with Order of the Ministry of Finance of Ukraine of 30.07.2018 No. 655, the following awards of the SFMS have been introduced:

- ▶ Acknowledgement of the State Financial Monitoring Service of Ukraine;
- ▶ Certificate of Honor of the State Financial Monitoring Service of Ukraine;
- ▶ Breastplate «Badge of Honor».



The general background of Acknowledgement is cold blue. In the middle - a vertical white stripe.

At the top, at a distance of 15 mm from the upper edge of the sheet, there is an image of the small State Coat of arms of Ukraine and a blue-yellow ribbon placed symmetrically on both sides of the small State Coat of arms of Ukraine.

The contour of the map of Ukraine in blue-yellow tone is shown in the center of the form. The emblem of the State Financial Monitoring Service of Ukraine is placed on the background of the map of Ukraine. Behind the contour of the map of Ukraine in the background of stripes of cold blue tone, the floral decor is placed vertically.

Order of the Ministry of Finance of Ukraine of July 30, 2018 No. 655

Certificate of Honor of the State Financial Monitoring Service of Ukraine



The general background of the Certificate of Honor is cold blue. At the top of the letter form is an image of the small State Coat of arms of Ukraine and a blue-yellow ribbon placed symmetrically on both sides of the small State Coat of arms of Ukraine. The emblem of the State Financial Monitoring Service of Ukraine is imaged on the inside in the center of the left part of the letter form.

On the right part, at the top of the form there is an image of the small State Coat of arms of Ukraine and a blue-yellow ribbon placed symmetrically on both sides of the small State Coat of arms of Ukraine.

Order of the Ministry of Finance of Ukraine of 30.07.2018 No. 655

Breastplate «Badge of Honor»



The departmental incentive awards of the State Financial Monitoring Service of Ukraine – the breastplate «Badge of Honor» is made of yellow metal and has the shape of a straight equilateral cross covered with madder enamel, size 45 x 45 mm with divergent, concave in the middle, sides and convex ends. Cross bars is make of yellow metal.

In the center of the cross is the emblem of the State Financial Monitoring Service of Ukraine in the form of an owl with outstretched wings, on the chest of which is the small State Coat of arms of Ukraine, and in the paws – a key and a staff topped with a heraldic lily.

This image is placed on the background of the globe with parallels and meridians.

The shield of the small State Coat of arms of Ukraine and the image of the globe are covered with blue enamel. Between the sides of the cross are divergent rays and images of laurel (left) and oak (right) leaves of yellow metal.

Order of the Ministry of Finance of Ukraine of 30.07.2018 No. 655

20.

ANNEXES



ANNEX A

BIBLIOGRAPHY (PUBLICATIONS OF THE STATE DEPARTMENT OF FINANCIAL MONITORING/STATE COMMITTEE FOR FINANCIAL MONITORING/STATE FINANCIAL MONITORING SERVICE OF UKRAINE)

2004

- Annual Report of the SFMS for 2003.

2005

- Annual Report of the SFMS for 2004;
- «Anti-money laundering: legal, organizational and practical aspects», manual. – K.: Parlam. publ, 2005. – 216 p.;
- Typologies of legalization of criminal funds in Ukraine in 2004 – 2005.

2006

- Annual Report of the SFMS for 2005;
- Typologies of legalization (laundering) of proceeds from crime in 2005 – 2006.

2007

- Annual Report of the SFMS for 2006;
- Typologies of legalization (laundering) of income received as a result of financial transactions with illiquid securities.

2008

- Annual Report of the SFMS for 2007;
- Countering the legalization of criminal proceeds and terrorist financing: textbook. Manual; State Committee for Financial Monitoring of Ukraine. K.: Taki spravy, 2008. – 560 p.;
- Typologies of legalization (laundering) of proceeds from crime through the real estate market.

2009

- Annual Report of the SFMS for 2008;
- Typologies of legalization (laundering) of proceeds from crime «Properties and characteristics of transactions related to money laundering by cash withdrawal. Tactical research and practical investigation».

2010

- Annual Report of the SFMS for 2009;
- Typologies of legalization (laundering) of proceeds from crime through non-bank financial institutions with the involvement of funds and other assets of citizens.

2011

- Annual Report of the SFMS for 2010;
- Report on the state of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing for 2010;
- Typologies of legalization (laundering) of proceeds from crime using cash.

2012

- Annual Report of the SFMS for 2011;
- Report on the state of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing for 2011;
- Typological study «Current methods and technologies of legalization (laundering) of proceeds from crime and terrorist financing».

2013

- Annual Report of the SFMS for 2012;
- Report on the state of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing for 2012;
- Typological study «Cybercrime and money laundering».

2014

- Annual Report of the SFMS for 2013;
- Report on the state of prevention and counteraction to legalization (laundering) of proceeds from crime or terrorist financing for 2013;
- Typological study «Current methods, technologies and financial instruments of terrorist and separatism financing».

2015

- Annual Report of the SFMS for 2014;
- Report on the state of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction for 2014;
- Anti-money laundering: international standards, foreign experience, administrative law, criminology, criminal law, forensic principles and the system of financial monitoring in Ukraine: textbook. – Odessa: Phenix, 2015. – 984 p.;
- Scientific and practical commentary to the Law of Ukraine «On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction». – K.: Vaite, 2015. – 816 p.;
- Typological study «Typical tools, methods and mechanisms of placement and laundering of criminal proceeds».

2016

- Methodical recommendations for identifying PEPs and ensuring financial monitoring of their financial transactions;
- Annual Report of the SFMS for 2015;
- Report on the state of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction for 2015;
- National Review of non-profit sector activities for the identification, prevention and combating of terrorist financing (2014 – 1 quartal 2016);
- Report on the national risk assessment in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing;
- Typological study «Laundering of proceeds from corruption».

2017

- Typological study of the State Financial Monitoring Service of Ukraine for 2014–2016. – K., 2017. – 126 p.;
- Annual Report of the SFMS for 2016;
- Report on the state of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction for 2016;
- Collection of legislation on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction (with comments and explanations). – K.: Vaite, 2017. – 1052 p.;
- Typological study «Risks of terrorism and separatism» (2017);
- Typological study «Risks of using cash».

2018

- A collection of typological studies conducted in 2017. – K., 2018. – 148 p.;
- Annual Report of the SFMS for 2017;
- Report on the state of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction for 2017;
- International standards for combating money laundering and terrorist financing and proliferation of weapons of mass destruction. FATF recommendations;
- Infographics for business entities that provide intermediary services during the sale and purchase of real estate on the procedure for reporting suspicious transactions based on a risk-based approach;
- Methodology for national risk assessment of money laundering and terrorist financing in Ukraine (updated);
- Review on the use of non-profit organizations for illegal purposes in the first half of 2018;

- Report on the results of the sectoral risk assessment of the use of the real estate market for legalization (laundering) of proceeds from crime and terrorist financing;
- Glossary on prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing, financing of proliferation of weapons of mass destruction and corruption. – K.: Vaite, 2018. – 826 p.;
- Typological study «Risks of using entities with a non-transparent ownership structure in money laundering schemes».

2019

- Annual Report of the SFMS for 2018;
- Report on the state of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction for 2018;
- Review on the use of non-profit organizations for illegal purposes in 2018;
- Report on the national risk assessment in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing;
- Typological study «Money laundering from the misappropriation of funds and property of state enterprises and other entities financed from the state and local budgets».

2020

- Annual Report of the SFMS for 2019;
- Report on the state of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction for 2019;
- Review on the use of non-profit organizations for illegal purposes in 2019;
- Guidelines for the disclosure of information about the ultimate beneficial owners;

2021

- A guide to a risk-based approach for DNFBP;
 - International standards (extracts) on criteria/indicators/indicators of risky transactions that may be related to the legalization (laundering) of proceeds from crime, terrorist financing and financing the proliferation of weapons of mass destruction;
 - Typological study «Money laundering of tax crimes».
- Annual Report of the SFMS for 2020;
 - Report on the state of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction for 2020;
 - Review on the use of non-profit organizations for illegal purposes in 2020;
 - Guidelines for «Managing business relations with politically significant persons». – K., 2021. – 141 p.;
 - Global experience in conducting national risk assessments of money laundering and terrorist financing. – 342 p.

ANNEX B

LIST OF CONCLUDED DOCUMENTS ON INTERDEPARTMENTAL COOPERATION (2003-2021)

2003

- Agreement of 26.05.2003 No. 2 on general principles of cooperation between the State Department of Financial Monitoring and the Prosecutor General's Office of Ukraine.
- Agreement of 08.08.2003 No. 4/14 on cooperation (interaction) between the State Department of Financial Monitoring and the Main Control and Audit Department of Ukraine.
- Protocol of 29.08.2003 No. 1 on information interaction between the State Department of Financial Monitoring and the Main Control and Audit Department of Ukraine to the Agreement of 08.08.2003 No. 4/14.
- Agreement of 29.08.2003 No. 17 on general principles of cooperation between the State Department of Financial Monitoring and the State Statistics Committee of Ukraine in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and combating the financing of terrorism.
- Agreement of 05.09.2003 No. 19 between the State Department of Financial Monitoring of Ukraine and the Ministry of Interior Affairs of Ukraine on information exchange.
- Agreement of 26.09.2003 No. 21 on general principles of cooperation between the State Department of Financial Monitoring and the National Central Bureau of Interpol.
- Agreement of 18.12.2003 No. 920 on general principles of cooperation between the State Department of Financial Monitoring and the State Property Fund of Ukraine.

2004

- Protocol of 29.06.2004 No. 1 to the Agreement of 26.09.2003 No. 21 on general principles of cooperation between the State Department for Financial Monitoring and the National Central Bureau of Interpol.

2005

- Agreement of 21.08.2004 No. 59 on general principles of cooperation between the State Department of Financial Monitoring and the Pension Fund of Ukraine.
 - Protocol of 25.08.2004 No. 2 to the Agreement of 05.09.2003 No. 19 between the State Department of Financial Monitoring and the Ministry of Interior Affairs of Ukraine on exchange of information on coordination of the volume and composition of information on citizens of Ukraine by which law enforcement agencies issued passports for travel abroad and procedure its transmission.
 - Agreement of 30.08.2004 No. 60 on general principles of cooperation between the State Department of Financial Monitoring and the National Depository of Ukraine.
 - Protocol of 16.09.2004 No. 3 to the Agreement of 05.09.2003 No. 19 between the State Department of Financial Monitoring and the Ministry of Interior Affairs of Ukraine on exchange of information on approval of information composition and procedure for its transfer for exchange between departmental automated information systems.
 - Agreement of 10.11.2004 No. 63 on general principles of cooperation between the State Department of Financial Monitoring and the Antimonopoly Committee of Ukraine.
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- Protocol of 24.06.2005 No. 2 to the Agreement on General Principles of Cooperation between the State Department for Financial Monitoring and the National Central Bureau of Interpol of 26.09.2003 No. 21 (persons responsible for information exchange).
 - Additional agreement of 29.11.2005 to Agreement No. 19 between the State Department of Financial Monitoring and the Ministry of Interior Affairs of Ukraine on information exchange of 05.09.2003.

- Additional Agreement of 30.11.2005 to Agreement No. 60 on General Principles of Cooperation between the State Department of Financial Monitoring and the National Depository of Ukraine of 30.08.2004.

2006

- Additional agreement of 16.02.2006 No. 4/14/22-854 to the Agreement No. 4/14 on cooperation between the State Department of Financial Monitoring and the Main Control and Audit Department of Ukraine of 08.08.2003.
- Agreement of 27.02.2006 No. 1072/14-01/06 on general principles of cooperation between the State Committee for Financial Monitoring of Ukraine and the State Judicial Administration of Ukraine in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and combating terrorist financing.
- Additional agreement of 26.04.2006 No. 179/1 to the Agreement No. 920 on general principles of cooperation between the State Department of Financial Monitoring and the State Property Fund of Ukraine of 18.12.2003.
- Protocol of 30.05.2006 No. 1 to the Agreement on General Principles of Cooperation between the State Committee for Financial Monitoring of Ukraine and the State Judicial Administration of Ukraine of 27.02.2006 No. 1072/14-01/06 on approval of the composition of information and the procedure for its transfer.
- Protocol of 29.06.2006 No. 1 to the Agreement on General Principles of Cooperation between the State Department of Financial Monitoring and the State Statistics Committee of Ukraine in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and fight against terrorist financing of 29.08.2003 No. 17.

- Additional Agreement of 29.06.2006 No. 2 to the Agreement No. 17 on general principles of cooperation between the State Department of Financial Monitoring and the State Statistics Committee of Ukraine in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and fight against terrorist financing of 29.08.2003.

- Protocol of 03.08.2006 on the procedure for providing the Ministry of Foreign Affairs of Ukraine to the State Committee for Financial Monitoring of Ukraine with information on persons involved in terrorist activities.

2007

- Agreement of 21.08.2007 No. 505/1 between the State Committee for Financial Monitoring of Ukraine and the State Property Fund of Ukraine on providing information to the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing and its protection.
- Agreement of 23.08.2007 № 2 between the State Committee for Financial Monitoring of Ukraine and the Main Control and Audit Department of Ukraine on information exchange and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing.
- Agreement of 05.09.2007 No. 16/3 between the State Committee for Financial Monitoring of Ukraine and the State Customs Service of Ukraine on information exchange and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing.

- Agreement of 12.11.2007 No. 5 between the State Committee for Financial Monitoring of Ukraine and the State Statistics Committee of Ukraine on information exchange and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing.

2008

- Agreement of 28.05.2008 No. 236/3 between the State Committee for Financial Monitoring of Ukraine and the Ministry of Interior Affairs of Ukraine on information exchange and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing.

2009

- Agreement of 12.02.2009 No. 2 on cooperation (interaction) between the State Committee for Financial Monitoring of Ukraine and the Accounting Chamber.
- Agreement of 12.06.2009 No. 3/9165 on information interaction between the State Committee for Financial Monitoring of Ukraine and the State Committee of Ukraine for Land Resources.
- Protocol of 12.06.2009 No. 1 to the Agreement on Information Interaction between the State Committee for Financial Monitoring of Ukraine and the State Committee of Ukraine for Land Resources.
- Agreement of 20.07.2009 No. 4 between the State Committee for Financial Monitoring of Ukraine and the State Tax Administration of Ukraine on information interaction and protection of information in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing.

- Protocol of 20.07.2009 No. 1 to the Agreement between the State Committee for Financial Monitoring of Ukraine and the State Tax Administration of Ukraine on information interaction and protection of information in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing 20.07.2009 No. 4.

- Additional Agreement of 28.07.2009 No. 1 to the Agreement between the State Financial Monitoring Committee of Ukraine and the State Statistics Committee of Ukraine on information exchange and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing No. 5 of 12.11.2007.

- Additional Agreement of 17.08.2009 No. 1/254 to the Agreement between the State Committee for Financial Monitoring of Ukraine and the Ministry of Interior Affairs of Ukraine on information exchange and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime, and terrorist financing No. 236/3 of 28.05.2008.

- Procedure of 25.08.2009 of interaction between the State Committee for Financial Monitoring of Ukraine and the State Committee of Ukraine for Land Resources on detection and counteraction to the use of schemes of illegal acquisition and alienation of land plots.

- Additional Agreement of 14.09.2009 No. 40/7 to the Agreement between the State Committee for Financial Monitoring of Ukraine and the State Customs Service of Ukraine on information exchange and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing No. 16/3 of 05.09.2007.
- Additional Agreement of 14.09.2009 No. 1 to the Agreement between the State Committee for Financial Monitoring of Ukraine and the State Tax Administration of Ukraine on information interaction and protection of information in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing from 20.07.2009 No. 4.

2010

- Agreement of 05.05.2010 No. 28010-02/56-8 between the State Committee for Financial Monitoring of Ukraine and the Ministry of Finance of Ukraine on the exchange of information and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime, and terrorist financing.
- Agreement of 26.07.2010 No. /9 on cooperation between the State Committee for Financial Monitoring of Ukraine and the State Committee of Ukraine for Regulatory Policy and Entrepreneurship.

2011

- Agreement of 31.08.2011 No. 2 on interdepartmental and information cooperation between the State Financial Monitoring Service of Ukraine and the Foreign Intelligence Service of Ukraine.

2012

- Additional agreement of 12.03.2012 No. 2 to the Agreement of 20.07.2009 No. 4 between the State Committee for Financial Monitoring of Ukraine and the State Tax Administration of Ukraine on information interaction and information protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime, and terrorist financing.
- Additional agreement of 02.04.2012 No. 1/136 to the Agreement of 21.08.2007 No. 505/1 between the State Committee for Financial Monitoring of Ukraine and the State Property Fund of Ukraine on information exchange and its protection to the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds of crime and terrorist financing.
- Additional agreement of 17.04.2012 No. 1 to the Agreement of 23.08.2007 No. 2 between the State Committee for Financial Monitoring of Ukraine and the Main Control and Audit Department of Ukraine on information exchange and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing.
- Additional agreement of 03.05.2012 No. 2/116 to the Agreement of 28.05.2008 No. 236/3 between the State Committee for Financial Monitoring of Ukraine and the Ministry of Interior Affairs of Ukraine on information exchange and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (money laundering) and proceeds from crime and terrorist financing.

- Protocol of 30.05.2012 No. 1 on the procedure for exchange of information between the State Financial Monitoring Service of Ukraine and the National Commission on Securities and Stock Market.
- Protocol of 30.05.2012 No. 2 on the procedure for interaction between the State Financial Monitoring Service of Ukraine and the National Commission on Securities and Stock Market during the preparation and conduct inspections of reporting entities.
- Additional agreement of 25.07.2012 No. 28010-02/56-1 to the Agreement of 05.05.2010 No. 28010-02/56-8 between the State Committee for Financial Monitoring of Ukraine and the Ministry of Finance of Ukraine on the exchange of information and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime and terrorist financing.
- Agreement of 30.07.2012 No. 53/14 between the State Financial Monitoring Service of Ukraine and the National Commission on Securities and Stock Market on information exchange and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime, and terrorist financing.
- Protocol of 20.08.2012 No. 1 on the procedure for interaction between the State Financial Monitoring Service of Ukraine and the Ministry of Finance of Ukraine during the preparation and conducting inspections of reporting entities.

2013

- Additional agreement of 21.01.2013 № 2 to the Agreement of 12.11.2007 No. 5 between the State Committee for Financial Monitoring of Ukraine and the State Statistics Committee of Ukraine on information exchange and its protection in the Unified State Information System in the field of prevention and counteraction to legalization (laundering) of proceeds from crime, and terrorist financing.
- Protocol of 01.10.2013 No. 2/73/14 on amendments to Protocol No. 1 of May 30, 2012 on the procedure for exchanging information between the State Financial Monitoring Service of Ukraine and the National Commission on Securities and Stock Market.

2014

- Agreement of 23.04.2014 No. 1 on interdepartmental and information cooperation between the State Financial Monitoring Service of Ukraine and the Ministry of Revenue and Duties of Ukraine.
- Protocol of 23.04.2014 No. 1 on the procedure for transferring information to the Agreement on Interdepartmental and Information Cooperation between the Ministry of Revenue and Duties of Ukraine and the State Financial Monitoring Service of Ukraine of 23.04.2014.
- Protocol of 23.04.2014 No. 2 on the procedure for transferring information to the Agreement on Interdepartmental and Information Cooperation between the Ministry of Revenue and Duties of Ukraine and the State Financial Monitoring Service of Ukraine of 23.04.2014.

- Protocol of 23.04.2014 No. 3 on the procedure for transferring information to the Agreement on Interdepartmental and Information Cooperation between the Ministry of Revenue and Duties of Ukraine and the State Financial Monitoring Service of Ukraine of 23.04.2014.
- Protocol of 23.04.2014 No. 4 on the procedure for transferring information to the Agreement on Interdepartmental and Information Cooperation between the Ministry of Revenue and Duties of Ukraine and the State Financial Monitoring Service of Ukraine of 23.04.2014.

2015

- Agreement of 30.06.2015 No. 1 on interdepartmental and information cooperation between the State Financial Monitoring Service of Ukraine and the National Anti-Corruption Bureau of Ukraine.
- Agreement of 28.10.2015 No. 2 on cooperation and exchange of information between the State Financial Monitoring Service of Ukraine and the National Bank of Ukraine.

2016

- Changes and additions of 18.07.2016 to the Agreement No. 2 of 28.10.2015 on cooperation and exchange of information between the State Financial Monitoring Service of Ukraine and the National Bank of Ukraine.
- Agreement of 29.07.2016 No. 1 on interdepartmental cooperation between the State Financial Monitoring Service of Ukraine and the National Agency for Prevention of Corruption.

2017

- Protocol of 19.08.2017 No. 1 on the procedure for exchanging information between the State Financial Monitoring Service of Ukraine and the Ministry of Justice of Ukraine on deregistration of reporting entities in the SFMS in connection with the termination of their activities.
- Agreement of 30.08.2017 No. 1 on interdepartmental and information cooperation between the State Financial Monitoring Service of Ukraine and the National Agency of Ukraine for Detection, Search and Management of Assets Obtained from Corruption and Other Crimes.

2018

- Agreement of 24.05.2018 No. 1 on interdepartmental and information cooperation between the State Financial Monitoring Service of Ukraine and the State Bureau of Investigation.
- Protocol of 20.07.2018 No. 1 on the procedure for exchanging information between the State Financial Monitoring Service of Ukraine and the National Commission on Securities and Stock Market, on deregistration of reporting entities in the SFMS in connection with the termination of their activities.

2019

- Agreement of 01.04.2019 No. 8 on connection to the system of electronic interaction of state electronic information resources.
- Amendments of 24.06.2019 to the Agreement No. 2 of 28.10.2015 on cooperation and exchange of information between the State Financial Monitoring Service of Ukraine and the National Bank of Ukraine.
- Protocol of automated access of the State Financial Monitoring Service of Ukraine to the State Register of Real Property Rights of November 15, 2019.

- Protocol of automated access of the State Financial Monitoring Service of Ukraine to the State Register of Real Property Rights of November 15, 2019.

2020

- Protocol of automated access of the State Financial Monitoring Service of Ukraine to the State Register of Encumbrances of Movable Property of February 18, 2020.

2021

- Agreement of 20.01.2021 No. 1/4 on interdepartmental cooperation between the State Financial Monitoring Service of Ukraine and the Commission for Regulation of Gambling and Lotteries.
- Agreement of 12.05.2021 on information cooperation between the State Tax Service of Ukraine and the State Financial Monitoring Service of Ukraine.
- Agreement of 09.07.2021 on information interaction between the State Financial Monitoring Service of Ukraine, the Ministry of Justice of Ukraine and the Ministry of Digital Transformation of Ukraine (State Register of Civil Status Acts).
- Agreement of 15.07.2021 No. 02-01/96 on information interaction between the State Financial Monitoring Service of Ukraine, the Ministry of Justice of Ukraine and the Ministry of Digital Transformation of Ukraine (Unified State Register of Powers of Attorney).
- Agreement of 15.07.2021 No. 02-01/97 on information interaction between the State Financial Monitoring Service of Ukraine, the Ministry of Justice of Ukraine and the Ministry of Digital Transformation of Ukraine (Inheritance Register).

- Agreement of 28.07.2021 on information interaction between the State Tax Service of Ukraine, the State Financial Monitoring Service of Ukraine and the Ministry of Digital Transformation of Ukraine.
- Agreement of 28.07.2021 No. 5-21 on the procedure of information exchange between the Administration of the State Border Guard Service of Ukraine and the State Financial Monitoring Service of Ukraine.
- Agreement of 11.08.2021 No. 02-01/108 on information interaction between the Pension Fund of Ukraine, the State Financial Monitoring Service of Ukraine and the Ministry of Digital Transformation of Ukraine.
- Protocol of 12.08.2021 to the Agreement of 12.05.2021 on information cooperation between the State Tax Service of Ukraine and the State Financial Monitoring Service of Ukraine.
- Agreement of 24.09.2021 on information cooperation between the State Financial Monitoring Service of Ukraine and the State Customs Service of Ukraine.
- Protocol No. 1 on the structure, details of database information resources, frequency of their updating, technologies, procedures and terms of bilateral cooperation to the Agreement on Information Cooperation between the State Financial Monitoring Service of Ukraine and the State Customs Service of Ukraine of 24.09.2021.

ANNEX C

LIST OF MEMORANDA ON GENERAL PRINCIPLES OF COOPERATION (2003–2021)

2003

- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime between the State Committee for Financial Monitoring of Ukraine and the League of Insurance Organizations of Ukraine of November 21, 2003.
- Memorandum on general principles of cooperation between the State Department of Financial Monitoring operating within the Ministry of Finance of Ukraine and the Association of Ukrainian Banks of December 5, 2003.

2005

- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime between the Professional Association of Registrars and Depositories and the State Committee for Financial Monitoring of Ukraine of 11.10.2005.
- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime between the State Committee for Financial Monitoring of Ukraine and the National Association of Credit Unions of Ukraine of November 29, 2005.
- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime between the State Committee for Financial Monitoring of Ukraine and the Association «All-Ukrainian Association of Pawnshops» of 14.12.2005.

2006

- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime between the State Committee for Financial Monitoring of Ukraine and the Federation of Insurance Intermediaries of Ukraine of February 6, 2006.
- Memorandum on general principles of cooperation between the State Committee for Financial Monitoring of Ukraine and the Ukrainian Association of Gambling Business Workers of February 16, 2006.
- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime between the State Committee for Financial Monitoring of Ukraine and the National Association of Non-State Pension Funds of Ukraine and Administrators of Non-State Pension Funds of 31.03.2006.

2007

- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime between the State Committee for Financial Monitoring of Ukraine and the All-Ukrainian Association of Credit Unions of 10.07.2007.
- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime between the State Committee for Financial Monitoring of Ukraine and the Ukrainian Association of Investment Business of 11.10.2007.

2008

- Memorandum on general principles of cooperation in combating legalization (laundering) of proceeds from crime and terrorist financing between the State Committee for Financial Monitoring of Ukraine and the Professional Association of Financial Companies of Managers of November 26, 2008.

2010

- Memorandum on general principles of cooperation in combating legalization (laundering) of proceeds from crime and terrorist financing between the State Committee for Financial Monitoring of Ukraine and the International Non-Governmental Organization «International Antiterrorist Unity» of February 23, 2010.
- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime between the State Committee for Financial Monitoring of Ukraine and the Realtors Association of Ukraine of 17.06.2010
- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime or terrorist financing between the State Committee for Financial Monitoring of Ukraine and the Ukrainian Security Federation of 25.08.2010.
- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime or terrorist financing between the State Committee for Financial Monitoring of Ukraine and the Association of Jewelry Industry «Association of Jewelers of Ukraine» of 01.09.2010.

- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime or terrorist financing between the State Committee for Financial Monitoring of Ukraine and the Association «Ukrainian Association of Lessors» of November 8, 2010.

2011

- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime or terrorist financing between the Association of Ukrainian Stock Traders and the State Financial Monitoring Service of Ukraine of 15.04.2011.

2013

- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime or terrorist financing between the State Financial Monitoring Service of Ukraine and the Association «Independent Association of Banks of Ukraine» of 19.03.2013

2014

- Memorandum on general principles of cooperation in combating legalization (laundering) of proceeds from crime, financing terrorism, and financing the proliferation of weapons of mass destruction between the State Financial Monitoring Service of Ukraine and Kyiv National University of T. Shevchenko of December 25, 2014.

2018

- Memorandum on general principles of cooperation in the field of combating legalization (laundering) of proceeds from crime, terrorist financing, and financing the proliferation of weapons of mass destruction between the State Financial Monitoring Service of Ukraine and the Notary Chamber of Ukraine of March 1, 2018.
- Memorandum on cooperation between the State Center for Cyber Defense of the State Service for Special Communications and Information Protection of Ukraine and the State Financial Monitoring Service of Ukraine in the field of cyber security and cyber defense of December 29, 2018.

2019

- Memorandum on general principles of cooperation in combating legalization (laundering) of proceeds from crime, terrorist financing and financing the proliferation of weapons of mass destruction between the State Financial Monitoring Service of Ukraine and the National Institute for Strategic Studies of February 5, 2019.
- Memorandum on the organization of cooperation on the exchange of information on cyber incidents using Malware Information Sharing Platform & Threat Sharing Ukrainian Advantage of 15.02.2019
- Memorandum on interaction and cooperation between the State Financial Monitoring Service of Ukraine and «You-CONTROL» LLC of June 25, 2019.
- Memorandum on cooperation in the development of the mechanism for verification of information on ultimate beneficiary owners of July 18, 2019.
- Memorandum on cooperation and transfer of a copy of the information database «Open Register of National PEPs of Ukraine» of October 18, 2019.

LIST OF ABBREVIATIONS

- AML/CFT** prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing proliferation of weapons of mass destruction
- Basic Law** Law of Ukraine of 06.12.2019 No. 361 - IX «On preventing and counteracting to legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction»
- BES** Bureau of Economic Security of Ukraine
- EU** European Union
- FATF** Financial Action Task Force
- FIU** financial intelligence unit
- FT** terrorist financing
- GPO** General Prosecutor Office of Ukraine
- MDTU** Ministry of Digital Transformation of Ukraine
- MFA** Ministry of Foreign Affairs of Ukraine
- MFU** Ministry of Finance of Ukraine
- MIA** Ministry of Interior Affairs of Ukraine
- MJU** Ministry of Justice of Ukraine
- ML** money laundering
- ML/FT** legalization (laundering) of the proceeds of crime, terrorist financing, and financing proliferation of weapons of mass destruction
- MONEYVAL** The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
- NABU** National Anti-Corruption Bureau of Ukraine
- NBU** National Bank of Ukraine
- NPU** National Police of Ukraine
- NRA** National risk assessment
- OSCE** The Organization for Security and Co-operation in Europe
- RE** reporting entity
- SBI** State Bureau of Investigation
- SFMS** State Financial Monitoring Service of Ukraine
- SFSU** State Fiscal Service of Ukraine
- SSU** Security Service of Ukraine
- UIS** Unified information system in the field of prevention and counteraction to legalization (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction
- USR** Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations



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