Overview of relevant laws and regulations
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In order to maintain the integrity of financial markets and prevent corruption and terrorism, it is necessary for all governments to take a robust approach to money laundering and terrorist financing and a coordinated global approach is also essential.

The European Commission as well as other international organisations have issued directives and general guidance on standard rules and regulations to support this ambition. The Commission ensures effective application of the anti-money laundering and counter-terrorist financing legislation by the EU Member States, and it promotes the adoption of global solutions at an international level. More and more countries are members of the international bodies concerned with combating money laundering and terrorist financing, and comply with their binding standards.

The situation in Central and Eastern Europe has an impact on the rest of Europe. Some CEE countries have a geostrategic location as entry points into Europe, and therefore strict observance of the standards and efficient enforcement in the region is crucial. In this report, CMS experts have looked into key topics covering twelve Central and Eastern European Countries, namely Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and Ukraine. We provide an overview on relevant acts and regulations, details of supervising authorities, and reporting obligations. We also outline the criminal, regulatory and other risks that corporates may face in case of non-compliance with local AML/CTF laws.

This publication reflects the implementation of the 4th AML Directive and the 5th AML Directive by the CEE countries, as these directives are defined in the Legal Note below.

The publication does not constitute legal advice. All legal matters must be decided on a case-by-case basis, in light of all circumstances and should be subject to a thorough legal assessment under local law.

For detailed legal advice, please contact our experts in the relevant jurisdictions, whose details are set out in this report.

**Legal Note**


AML and CTF law and regulation in Bulgaria
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1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?

- The Rules for the application of the AML Act, adopted on 31 December 2018, as amended (the “AML Act Rules”).
- The Combating Terrorism Financing Measures Act, adopted on 18 February 2003, as amended (the “CTF Act”).

2. Are the 4th AML Directive and the 5th AML Directive implemented in your jurisdiction?

Yes, with the adoption of the AML Act, the basic provisions of the 4th AML Directive were implemented. Additional amendments to the AML Act were adopted in November 2019 and February 2020 implementing the provisions of the 5th AML Directive.

3. Which is the AML/CTF supervisory authority in your jurisdiction?

The State Agency “National Security” (the “SANS”) is the main AML/CTF supervisory authority. The Financial Intelligence Directorate of the SANS has the authority to collect, store, investigate, analyse and disclose the conducted financial intelligence under the terms and procedures of the AML Act and the CTF Act.

Other authorities authorised to monitor compliance with the key obligations under the AML Act in certain sectors include the Bulgarian National Bank, the Financial Supervision Commission, the National Customs Agency, and the State Commission on Gambling.

4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?

There are almost 40 categories of reporting entities under the AML Act, including banks, financial institutions, payment services providers, insurance and reinsurance companies and intermediaries distributing life risk insurance. In Bulgaria, the scope of reporting entities under the AML Directives is extended to include wholesalers.

5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners (UBOs) in a central register?

The KYC requirements in Bulgaria follow the requirements of the 4th and 5th AML Directives.
To facilitate the CDD obligations of the reporting entities, the AML Act provides a general obligation on all entities to disclose their UBOs to either the Commercial Register and the Register for Non-Profit Organisations (for companies and certain registered not-for-profit organisations) or to the Bulstat Register for the remaining categories.

6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?

Yes, the legislation in various sectors, such as the banking sector, allows for the digital onboarding of customers, provided that the requirements for customer identification and customer verification under the AML Act are observed.

7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?

The main obligations of the reporting entities under the AML Act follow the 4th and 5th AML Directives. These include customer due diligence ("CDD"), the collection of information and documents and their storage, an assessment of the risk of money laundering and terrorist financing, and the disclosure of information on suspicious operations, transactions and customers. There are no obligations that go beyond those required under the AML Directives.

8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?

Yes, a National Risk Assessment for Money Laundering and Terrorist Financing ("NRA") was adopted on 9 January 2020 by the SANS. The NRA provides a strategy and useful measures for monitoring and limiting the risks of money laundering and terrorist financing in the following areas:

- organised crime;
- professional money launderers;
- tax crimes;
- real estate and construction;
- financial markets;
- food and fuel trade;
- computer fraud and social engineering;
- cash transfer services;
- non-profit legal entities (NGOs).

9. What are the main CTF measures in your country?

The main measures provided under the CTF Act include the freezing of funds, other financial assets and
economic resources, and a prohibition on providing financial services, funds and other financial assets and economic resources. Any person who implements any of these measures must immediately notify the Minister of the Interior, the Minister of Finance, the Chairperson of the SANS and the Commission for Counter-Corruption and Unlawfully Acquired Assets Forfeiture. The CTF Act links counterterrorism measures with financial intelligence and compels all covered entities to report any suspicion of terrorism.

10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?

Money laundering and terrorist financing are criminalised under the Bulgarian Criminal Code as standalone crimes. Predicate crimes that are committed either in or outside Bulgaria can support a money laundering charge brought in Bulgaria. The penalties for money laundering and financing terrorism provided in the Bulgarian Criminal Code are imprisonment from one to 15 years and a fine from BGN 3,000 (EUR 1,500) to BGN 200,000 (EUR 100,000), depending on the severity of the crime.

Legal entities cannot bear criminal liability under Bulgarian law. However, if a legal entity has enriched itself through the proceeds of a crime committed by an employee or a director, the legal entity can be sanctioned with a fine of up to BGN 1 million (EUR 500,000) but at least the equivalent of the benefit and a penalty of up to BGN 1 million (EUR 500,000) if the benefit cannot be financially estimated.

The AML Act provides a range of sanctions for non-compliance with the key requirements, such as customer checks, record-keeping, and suspicious transaction reporting. Fines and penalties vary depending on the type of the infringement, the type of infringer (an individual or entity, or the type of entity—banks, insurers, etc.), whether its initial, repeated or systematic, and can reach as high as BGN 10 million (EUR 5 million), or up to 10% of the annual turnover, including gross income, according to the consolidated accounts of the parent undertaking for the previous year, for grave or systematic infringements and where the perpetrator is among the categories obliged entities within the financial system. Further, the Registry Agency as administrator of the Central UBO Register may also impose fines for non-compliance.

The number of prosecutions, convictions and administrative sanctions has increased in recent years.
AML and CTF law and regulation in Croatia
1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?
2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?
3. Which is the AML/CTF supervisory authority in your jurisdiction?
4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?
5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject's ultimate beneficial owners (UBOs) in a central register?
6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?
7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?
8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?
9. What are the main CTF measures in your country?
10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?
1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?


2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?

Yes, with the adoption of the Act the provisions of the 4th AML Directive implemented into Croatian legislation. Additional amendments to the Act were adopted in April 2019, implementing the provisions of the 5th AML Directive.

3. Which is the AML/CTF supervisory authority in your jurisdiction?

There are several supervisory authorities, including the Croatian National Bank, the Financial Inspectorate, the Croatian Financial Services Supervision Agency, the Tax Administration.

The Anti-Money Laundering Office (the “Office”) is responsible for collecting, analysing and disseminating AML/CTF data and coordinates and cooperates with the supervisory and other competent authorities in the AML/CTF matters, such as the State Attorney’s Office, the Ministry of the Interior—the General Police Directorate, the Security-Intelligence Agency, the Ministry of Foreign Affairs and European Integration, the Ministry of Justice and other state bodies.

4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?

There are more than 30 categories of reporting entities under the Act, including banks, financial institutions, payment services providers, gaming companies, investment companies, insurance companies and insurance intermediaries, lawyers, and public notaries.

The reporting entities generally follow the scope of the of the 4th and 5th AML Directives.

5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners (UBOs) in a central register?

The KYC requirements in Croatia follow the requirements of the 4th and 5th AML Directives.
Entities incorporated in Croatia, including branch offices of foreign companies, and trusts (including foreign legal arrangements similar to trusts, which are under the obligation to obtain a Croatian ID-No/ OIB) are in certain cases obliged to register data about their UBOs in the Register of Beneficial Owners, which is maintained by the Croatian Financial Agency ("FINA"). There are certain exceptions, such as state-owned companies.

6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?

Yes, the legislation in various sectors allows for the digital onboarding of customers, provided that the requirements for customer identification and customer verification under the Act are observed.

7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?

The main obligations of reporting entities under the Act reflect the requirement of the 4th and 5th AML Directives. These measures include a risk assessment of money laundering and terrorist financing, establishing policies and internal controls, client due diligence (CDD), the collection of information and documents and their storage, appointment of an authorized person for the implementation of measures, regular training and education of employees and the disclosure of information on suspicious operations, transactions, and clients.

8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?

Yes, a National Risk Assessment for Money Laundering and Terrorist Financing (the “NRA”) was adopted in December 2016. The main identified risks of money laundering and terrorist financing concern the following sectors:

- banking;
- financial markets;
- other financial institutions, e.g. payment service providers, leasing companies, factoring companies;
- gaming;
- insurance.

9. What are the main CTF measures in your country?

The Act provides an obligation to report any suspicion of financing of terrorism to the Office. Furthermore, other measure regarding AML requirements also apply to the CTF. Pursuant to the criminal legislation, there is a possibility to seize funds, other financial assets and economic resources, and to prohibit the provision of services.

10. What are the criminal and/or regulatory and/or other
risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?

Money laundering and terrorist financing are criminalised under the Croatian Criminal Code as standalone crimes. The prescribed sanctions range from six months to eight years for money laundering and from one year to ten years’ imprisonment for terrorist financing.

Legal entities can bear criminal liability under Croatian law. A monetary fine is the most common sanction and for the offences in question (money laundering and terrorist financing) it might be up to HRK 10 to 12 million (EUR 1.3 to 1.6 million).

The Act provides a range of sanctions for non-compliance with the key requirements, such as customer checks, record-keeping, and suspicious transaction reporting. The sanctions vary depending on the type of infringement, the type of infringer (e.g. banks, payment service providers), and can reach as high as HRK 38 million (EUR 5.2 million), or up to 10% of the annual turnover, including gross income, according to the consolidated accounts of the parent undertaking for the previous year. The sanctions are also prescribed for management board members and other responsible persons within legal entities. Additionally, it may be noted that ultimate beneficial owner(s) may also be sanctioned in certain cases.

The number of prosecutions, convictions and administrative sanctions has increased in recent years.
1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?
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10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?
1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?

- Act LIII of 2017 on the Prevention and Combatting of Money Laundering and Terrorist Financing (the “AML Act”).
- Decree No. 21/2017 (VIII. 3.) of the Minister of the National Economy on the Mandatory Content of the Internal Policy to be Adopted under Act LIII of 2017 on the Prevention and Combatting of Money Laundering and Terrorist Financing and Act LII of 2017 on the Implementation of Restrictive Measures imposed by the EU and the United Nations Security Council relating to liquid assets and other financial interests.

2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?

Yes, the basic provisions of the 4th AML Directive were implemented with the adoption of the AML Act. Additional amendments to the AML Act were adopted in December 2019, implementing the provisions of the 5th AML Directive.

3. Which is the AML/CTF supervisory authority in your jurisdiction?

The central authority in charge of receiving, analysing, disseminating suspicious transactions/activity reports is the Hungarian Financial Intelligence Unit, which is part of the organisation of the Central Management of the National Tax and Customs Administration (Nemzeti Adó- és Vámhivatal, the “NAV”). The NAV performs its tasks in cooperation with other investigating authorities, the Prosecutor General’s Office and the National Courts Office.

Other authorities authorised to supervise the performance of the obligations under the AML Act and the Restrictive Measures Act are:

- the National Bank of Hungary acting within its function as the supervisory authority of the financial intermediary system (credit institutions, financial services institutions, institutions for occupational retirement provision, voluntary mutual insurance funds, operators accepting and delivering international postal money orders);
- the gaming supervisory authority regarding operators of casinos, card rooms, gambling services, online casino games;
- the Chamber of Hungarian Auditors regarding the providers of auditing services;
- in the case of lawyers and legal counsels registered in the bar association, the bar association in which the lawyer/legal counsel in question is registered (regional bar association);
- in the case of notary publics, the association in which the notary public in question is registered (regional association of notaries);
- the authority for trade and commerce regarding the traders in precious metals or articles made of precious metals; traders in goods involving a cash payment of or exceeding HUF 3m; service providers trading or acting as intermediaries in the trade of cultural goods (works of art/antiques);
4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?

The reporting entities are service providers pursuing several kinds of activities regulated by the AML Act as explained above in point 3.

5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners (UBOs) in a central register?

The KYC requirements in Hungary follow the requirements of the 4th and 5th AML Directives.

To facilitate the CDD obligations of the reporting entities, the AML Act provides for a general obligation on all entities, starting from 1 December 2020, to disclose their UBOs to the ‘Central register of beneficial ownership information’ pursuant to the 5th Directive.

6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?

Yes, the legislation in various sectors, such as the financial services, real estate brokerage, law firms, etc. allows for the digital onboarding of customers, provided that the requirements for customer identification and customer verification under the AML Act are observed.

7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?

The main obligations of reporting entities under the AML Act follow the 4th and 5th AML Directives. These include customer due diligence (identification and verification of the customer, the UBO and the person acting for and on behalf of the customer); the collection and storage of information and documents; continuously monitoring the business relationship; risk assessment and risk categorisation; operation of a screening system; the disclosure (reporting) of information on suspicious transactions/customers; decision on suspending transactions related to suspicious events; operation of an unanimous whistleblowing system and the provision of training for
8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?

The Hungarian National Risk Assessment was adopted in 2015 and updated in 2018. The main identified risks are:

- organised crime;
- offshore companies;
- cash transfer services;
- lack of a central register of bank accounts;
- shell companies.

9. What are the main CTF measures in your country?

The Restrictive Measures Act provides for the freezing of funds and other financial assets, and a prohibition on providing financial services. To fully implement the EU legal actions and United Nations Security Council resolutions imposing restrictive measures relating to liquid assets and other financial interests, the service provider must compare the personal data of the total clientele that it has on record with the data of the persons that appear in EU legal actions and relevant United Nations SC resolutions. If the result of screening establishes that a person is subject to a restrictive measure relating to liquid assets or other financial interests, or his/her data coincides with the data of an entity or person on the consolidated list of effective restrictive measures imposed on the European Union or on the United Nations, the service provider must report this to the NAV.

10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?

Money laundering and terrorist financing are criminalised under the Hungarian Criminal Code as standalone crimes. The penalties for money laundering and financing terrorism provided in the Hungarian Criminal Code are imprisonment up to ten years, depending on the severity of the crime. Under the Hungarian Criminal Code any person who fails to comply with the reporting obligation prescribed by law concerning the prevention and combating of money laundering and terrorist financing is punishable by imprisonment up to two years.

If a legal entity has enriched itself through the proceeds of a crime committed by an employee or a director, it can be sanctioned with dissolution, restriction of activity or a minimum fine of HUF 500,000 (EUR 1,428) and a maximum of three times the value of the advantage obtained or to be achieved by the crime.

The AML Act provides a range of measures and sanctions applied by the supervisory authorities for non-compliance or inadequate compliance with obligations set out in the AML Act. Fines and penalties vary depending on the type of the infringement, the type of the infringer (an individual or an entity), the feature of the infringement (whether it is initial, repeated or systematic) and can reach as high as HUF 2 billion (EUR 5,714,285), or up to 10% of the annual income according to the consolidated accounts. In the case of senior executives of
service providers, a fine up to HUF 500,000,000 (EUR 1,428,000) (in the case of employees up to HUF 20,000,000 (EUR 57,142)) can be imposed, and additionally further measures can likewise be applied to the legal entity service provider if the director/employee of the service provider has committed the infringement for the benefit of the service provider.

Prosecutions, convictions and administrative sanctions have been applied in recent years.
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1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?

- Prevention of Money Laundering and Terrorism Financing Act (Official Gazette of Montenegro, Nos. 33/2014, 44/2018, and 73/2019) (the “AML Act”); and

2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?

Yes, with the adoption of the AML and CTF Act, the basic provisions of the 4th AML Directive were implemented. The legislation of Montenegro is to some extent in line with the 5th AML Directive.

3. Which is the AML/CTF supervisory authority in your jurisdiction?

The Department for Prevention of Money Laundering and Terrorism Financing (the “Financial Intelligence Unit”) is the organisational unit in the Police Administration working on the prevention of money laundering and terrorism financing, receiving, collecting, keeping, analysing and disseminating data, information, documents and results of strategic and operational analysis on suspicious transactions to the competent state authorities and foreign financial intelligence units with the aim to prevent and detect money laundering and terrorism financing. The Financial Intelligence Unit can, among others, request information from reporting entities, order the temporary freezing of a transaction and monitor the client, etc. Additionally, suspicious transactions are reported to the Financial Intelligence Unit.

Other authorities authorised to monitor compliance with the key obligations under the AML Act in certain sectors include the Central Bank of Montenegro, the Insurance agency, the National Customs Agency, the Montenegrin post and the relevant inspectorate.

4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?

Under the AML Act, a large number of entities have this duty. These include banks, financial institutions, payment services providers, insurance and reinsurance companies and intermediaries. In this regard, the entirety of the full scope of the obliged entities is covered in Montenegro.

5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners (UBOs) in a central register?
The KYC requirements in the AML Act of Montenegro follow the requirements of the 4th AML Directive.

The AML Act prescribes an obligation of the reporting entities to acquire information regarding the UBO's of their customers. The AML Act also governs the establishment, content, bases of recording and manner of keeping the register of beneficial owners of legal entities and other entities registered in Montenegro. The AML Act provides for a general obligation on all entities to disclose their UBOs to the registry.

6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?

Yes, the legislation in various sectors, such as the banking sector, allows for the digital onboarding of customers, provided that the requirements for customer identification and customer verification under the AML Act are observed. Still, this method of onboarding of customers is still not widely used in practice, and so far only a handful of obliged entities have adopted full online onboarding of customers, while many more frequently use digital tools to make onboarding customers user friendly and save time.

7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?

The reporting entities' obligations under the AML Act follow the main principle of the AML Directive(s). These include customer due diligence (CDD), the collection of information and documents and their storage; an assessment of the risk of money laundering and terrorist financing, and the disclosure of information on suspicious operations, transactions and customers. There are no obligations that go beyond those required under the AML Directives.

8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?

Yes, a National Risk Assessment for Money Laundering and Terrorist Financing ("NRA") was adopted in Montenegro in 2015. This risk assessment contains an action plan for the fight against money laundering and financing of terrorism.

According to unofficial publicly available information a revision of the NRA in being discussed.

9. What are the main CTF measures in your country?

The only measures provided under the AML Act relate to KYC, and include a prohibition on providing financial services, funds and other financial assets and economic resources, if these cannot be carried out properly.

Following any suspicious activity, the financial intelligence unit must be notified and will carry out an investigation or monitor the subject.
10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?

The Montenegrin Criminal Code recognises both money laundering and financing of terrorism as standalone criminal offences. Predicate crimes that are committed either in or outside Montenegro can support a money laundering charge brought in Montenegro.

The penalties prescribed in the Criminal Code for Money laundering are:

- imprisonment from six months up to 12 years depending on the sum of the laundered money and circumstances at hand as well as a fine; and
- the funds which were laundered will be confiscated.

The penalties prescribed in the Criminal Code for Financing terrorism are:

- imprisonment from one to ten years and the funds used to fund terrorism will be confiscated.

Legal entities can in principle bear criminal liability under Serbian law. Namely, the Responsibility of Legal Entities Act states that if a legal entity has enriched itself through the proceeds of a crime committed by an employee or a director, the legal entity can be sanctioned with a fine. The fine cannot be less than twice the amount of the damages or more than one hundred times the amount of the damages; in monetary terms, at least EUR 1,000 and up to EUR 5,000,000, and depends on the length of the jail time prescribed.

The AML Act provides a range of sanctions for non-compliance with the key requirements, such as customer checks, record-keeping, and suspicious transaction reporting. The sanctions take the form of fines and penalties which vary depending on the type of the infringement and range from EUR 2,000 to EUR 20,000, for legal entities and EUR 400 to EUR 2,000 for individuals.
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1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?

The AML/CTF measures are regulated in the Act of 1 March 2018 on Counteracting Money Laundering and Terrorist Financing as amended (the “Polish AML Act”).

2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?

Currently, the Polish AML Act implements the 4th AML Directive. However, the 5th AML Directive was scheduled to be implemented in Q2 of this year, but it seems that it will be delayed to the second half of the year due to the COVID-19 pandemic.

3. Which is the AML/CTF supervisory authority in your jurisdiction?

The main AML/CTF supervisory authority is the General Inspector for Financial Information (the “GIFI”), but there are also other authorities supervising compliance with the Polish AML Act, e.g. the Polish Financial Supervision Authority regarding regulated entities.

Furthermore, in the AML/CTF matters GIFI cooperates with other institutions, e.g. government administrative bodies, the bodies of local governmental units, other state organisational units, and the National Bank of Poland (NBP).

4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?

The Polish AML Act generally follows the 4th AML Directive, except that it extends the scope in some cases, e.g. to virtual currency entities. These entities are considered to be obliged entities under the Polish AML Act:

1. domestic banks, branches of foreign banks, branches of credit institutions, financial institutions with their registered office in Poland, and branches of financial institutions that do not have their registered office in Poland;
2. savings and credit unions;
3. domestic payment institutions, domestic electronic money institutions, branches of EU payment institutions, branches of EU and foreign electronic money institutions, small payment institutions, payment service offices, and paying agents;
4. investment firms, custodian banks, and branches of foreign investment firms within the meaning of that Act, conducting activity in Poland;
5. foreign legal entities conducting brokerage activity in Poland, including those conducting such activity in the form of a branch, and commodity brokerage houses;
6. companies operating a regulated market (in some cases);
7. investment funds, alternative investment companies, investment fund corporations, AIF managers,
branches of management companies, and branches of managers from the EU located in Poland;
8. insurance undertakings (in some cases);
9. insurance intermediaries (in some cases);
0. Krajowy Depozyt Papierów Wartościowych S.A.(the national depository);
1. entrepreneurs conducting exchange office activity, other entrepreneurs providing a foreign exchange
service or a foreign exchange intermediation service, which are not other obliged institutions, and
branches of foreign entrepreneurs conducting such activity in Poland;
2. entities conducting economic activity consisting in providing services in the area of: (a) exchange
between virtual currencies and means of payment; (b)exchanges of virtual currencies; (c)
intermediation in these exchanges; (d) the operation of certain accounts;
3. notaries within the scope of acts performed in the form of a notarial deed;
4. attorneys, legal counsels, foreign lawyers, and tax advisors (in some cases);
5. entrepreneurs which are not other obliged institutions, providing trust and related services;
6. entities conducting activity in the provision of bookkeeping services;
7. real estate agents;
8. postal operators;
9. entities conducting gambling activity;
0. foundations, associations and entrepreneurs which receive or make cash payments having a value
equal to or exceeding the equivalent of EUR 10,000;
1. entrepreneurs which conduct activity consisting in providing safe deposit boxes, and branches of
foreign entrepreneurs conducting such activity in Poland; and
2. lending institutions.

5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for
the disclosure of the subject’s ultimate beneficial owners (UBOs) in a central register?

The Polish AML Act closely follows the 4th AML Directive regarding the KYC and the UBO register. Polish entities
such as general partnerships, limited partnerships, limited joint-stock partnerships, limited liability companies,
and joint-stock companies except public companies are obliged to report relevant information of their UBOs to
the Central Register of Beneficial Owners. The deadline for initial reports for existing companies was 13 July 2020.

6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the
restrictions, if any?

There is no specific legislation, but online onboarding is generally possible.

7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond
those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting
obligations, etc.?

The Polish AML Act generally closely follows the 4th AML Directive. We have not identified any major
discrepancies or obligations going beyond what is required by the Directive.
8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?

Yes, the National Risk Assessment considers the following areas to be the most exposed to AML/CTF risks:

a. cash operations and physical transfers through borders;
b. virtual currencies;
c. cashless money exchange;
d. fiscal frauds;
e. crowdfunding.

9. What are the main CTF measures in your country?

The main CTF measures are implemented in the Polish AML Act and include transaction suspensions and account holds, specific restrictive measures such as freezing assets without prior notice, keeping a list of persons and entities against whom restrictive measures are applied, the obligation of no criminal record for UBOs and representatives in the companies' structures, and administrative penalties for obliged institutions which fail to fulfil AML/CTF obligations (the main obligation is to notify the GIFI immediately of all reasonable suspicions that a transaction or assets may be linked to money laundering or terrorist financing).

10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?

Legal entities and obliged institutions may be subject to both criminal and regulatory liability while their representatives may be individually subject to criminal liability.

Pursuant to the Polish Criminal Code, any individual person who receives, possesses, uses, conveys or transports abroad, conceals, transfers or converts legal tenders, financial instruments, securities, foreign exchange, property rights or other movable or immovable property, which are connected to criminal offence, is liable to imprisonment of between six months to ten years. This sanction also applies to an employee or anyone acting in the name of or for the benefit of a bank, financial or credit institution, or another entity legally obliged to register transactions who receives legal tenders, financial instruments, securities, foreign exchange, transfers or converts them, or receives them in circumstances raising a reasonable suspicion that they have been the object of money laundering.

A representative acting in the name of an obliged institution who fails to comply with the obligation of reporting to the GIFI or who provides the GIFI with false data or fails to disclose true data concerning transactions, accounts or persons, may be subject to imprisonment for from three months to five years. The same penalty applies to unauthorised disclosing or using information gathered in accordance with the Polish AML Act. Additionally, whoever prevents or inhibits the performance of inspection or controlling the institutions may be subject to a fine.
Representatives of legal entities may also potentially face criminal liability based on AML-specific provisions for inflicting substantial material damage (more than PLN 200,000) by abusing granted authority or failing to fulfill duties, subject to imprisonment between three months and five years. For example, this may apply if the representative fails to comply with AML/CTF regulations and then the authorities freeze funds, which cause damage to the entity.

The quasi-criminal liability of legal entities is regulated by the act of criminal liability of collective entities for punishable offences. The collective entity may be responsible, provided other prerequisites are met, for offences related to economic activity, penal and fiscal offences, public corruption and corruption of business, including crimes of money laundering. The act provides a range of sanctions such as a monetary penalty ranging from PLN 1,000 to PLN 5,000,000 (which however cannot exceed 3% of the revenue earned in the business year in which the offence was committed), or the forfeiture of proceeds of the crime.

An obliged institution that fails to fulfil its obligations under the Polish AML Act may be subject to an administrative penalty, which may take various forms, including the publication of information about the breach in the public information bulletin, an order to stop undertaking certain activities, the withdrawal of a licence or permit, deletion from a regulated activity register, a prohibition on performing duties in a managerial position by a person responsible for the breach, or a financial penalty. The financial penalty may be imposed up to twice the amount of the benefit achieved or the loss avoided by the obliged institution as a result of a breach or where it is impossible to determine this amount, up to EUR 1m. For financial institutions the limits are higher, and the penalty is up to EUR 5m or 10% of the turnover reported in the preceding financial statement.
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1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?

- Law No. 129/2019 on the prevention and sanctioning of money laundering and terrorism financing, in force as of 21 July 2019 and with a deadline for implementation of 21 January 2020 (the “AML Law”);
- Law No. 535/2004 on the prevention and sanctioning of terrorism financing (the “CTF Law”);
- National Bank of Romania Regulation No. 2/2019 on the prevention and sanctioning of money laundering and terrorism financing, in force as of 9 September 2019 (the “NBR Regulation”);
- Financial Supervisory Authority Regulation No. 13/2019 on the implementation of measures to prevent and sanction money laundering and terrorism financing through financial sectors supervised by the Financial Supervisory Authority, in force as of 10 December 2019 (the “FSA Regulation”);
- Norms for applying Law No. 129/2019 on the prevention and sanctioning of money laundering and terrorism financing, as well as for modifying and amending certain normative acts, for the reporting entities supervised and controlled by the National Office for Prevention and Control of Money Laundering, in force as of 3 February 2020 (the “AML Norms”).

2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?

Only the provisions of the 4th AML Directive have been implemented through the adoption of the AML Law. At the time of writing, we are not aware of any draft bill on the implementation of the 5th AML Directive in Romania. For this reason, on 12 February 2020 the European Commission started a legal action against several Member States for failing to comply with their obligations under EU law. The Commission sent letters of formal notice to a number of countries including Romania for not having notified implementation measures in respect of the 5th AML Directive.

3. Which is the AML/CTF supervisory authority in your jurisdiction?

The National Office for Prevention and Control of Money Laundering (the “Romanian AML Office”) is the designated Financial Information Unit of Romania, which has authority to collect, store, investigate, analyse and disclose the conducted financial intelligence under the terms and procedures of the AML Law.

Other authorities authorised to monitor for compliance with the key obligations under the AML Law in certain sectors include the Romanian National Bank, the Financial Supervisory Authority, the National Office for Gambling.

4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?

In Romania, there are no significant derogations from the scope of the obliged entities as provider for in the 4th AML Directive. The obliged/reporting entities under the AML Law include banks, financial institutions, insurance and reinsurance companies, gambling services providers.
5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners (UBOs) in a central register?

The KYC requirements in Romania broadly follow the requirements of the 4th AML Directive. However, we note that, for gambling services providers other than casinos, arguably the standard CDD obligation is only triggered when the client collects winnings of at least EUR 2,000, through a single transaction, as opposed to casinos which must also perform standard CDD when the client buys or exchanges chips of at least this amount. It is unclear whether this is a derogation intended by the lawmaker or an error in implementing the 4th AML Directive in national legislation.

The reporting entities are obliged to disclose their UBOs in the central registries organised by the National Trade Registry Office (for companies), the Ministry of Justice (for associations and foundations) or the National Agency for Fiscal Administration (for trusts).

Companies are obliged to file a declaration of beneficial owners: (i) when registering with the National Trade Registry Office; (ii) annually; and (iii) every time a modification regarding the beneficial owner occurs. Legal entities that are already established must file declarations of beneficial owners before 21 July 2020. Failure to meet this deadline may result in a fine between RON 5,000 and RON 10,000.

6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?

Yes, e.g. according to specific industry legislation, online gambling operators are allowed to use the digital onboarding of customers under strict conditions in line with the requirements for customer identification and customer verification under the AML Law. In this respect, on registration, the customer must provide his/her identification details (name, date of birth, home address, email address) and can deposit a maximum of EUR 200 in his/her gaming account unless he/she provides supporting documents for this information. Withdrawals are not permitted until this verification is performed and the gaming account will be closed if the supporting documents are not provided in 30 days as of the registration date.

7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?

The main obligations of reporting entities under the AML Law are in line with the 4th AML Directive. These include customer due diligence (CDD); reporting suspicious transactions and cash transactions of at least EUR 10,000 irrespective of their suspicious nature; document retention; performing a risk assessment regarding the reporting entity’s exposure to money laundering and terrorism financing; designating a money laundering responsible officer (MLRO).
8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?

Since the adoption of the AML Law, we are not aware of any National Risk Assessment having been issued by the Romanian AML Office.

9. What are the main CTF measures in your country?

As a Member State of the European Union, Romania enforces the sanctions imposed through Common Positions adopted within the Common Foreign and Security Policy. The sanctions include asset freezing, prohibition on making funds available, prohibition on certain financial actions, restrictions on services, restrictions on goods, and prohibition on arms procurement.

10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?

As a general rule, it should be noted that a simple failure to comply with AML/CTF legislation gives rise to administrative liability and not criminal liability of the individual/legal entity, unless the individual/legal entity participated in a crime either as an author, aider or abettor.

For individuals, the administrative sanctions may consist of a warning or an administrative fine between RON10,000 (EUR 2,100) and RON 150,000 (EUR 31,000).

For legal entities, the administrative sanctions may consist of a warning or an administrative fine of 10% of the total revenue declared for the previous fiscal period plus the aforementioned fine applicable to individuals. It should be noted that separate sanctions may also apply to the members of the management bodies or other individuals responsible for the breach.

In addition to the above financial sanction, entities that breach AML legislation may also be subject to one or more of the following complementary sanctions:

1. confiscation of the assets resulting from the breach;
2. suspension of the permit or authorisation to perform a certain activity or, as the case may be, suspension of the company’s activity for from one to six months;
3. withdrawing the licence or permit for certain operations or for foreign trade activities for from one to six months;
4. blocking the bank account for from ten days to one month;
5. annulling the permit, approval or authorisation to perform a certain activity;
6. closing the branch or another secondary headquarter;
7. public statement identifying the individual or legal entity and the nature of the breach;
8. issuing an order instructing the entity to cease the default;
9. a temporary prohibition to exercise managerial functions in any reporting entity, issued against a person with managerial functions in the defaulting entity or any individual person that is responsible
for the breach.
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1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?

Federal Law No. 115-FZ “On Combating Money Laundering and the Financing of Terrorism” dated 7 August 2001 (the AML Law) and ancillary normative acts.

2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?

N/A

3. Which is the AML/CTF supervisory authority in your jurisdiction?

The Federal Financial Monitoring Service (the FFMS) is the main AML/CTF supervisory authority that conducts financial intelligence investigations, collects data, and monitors transactions of controlled entities in accordance with the AML Law.

Other authorities monitor compliance with the AML Law as part of their competences, including the Central Bank of Russia (the CBR), the Federal Tax Service, the Federal Bailiff Service, and the Federal Customs Service.

4. Who are the obliged/reporting entities in your jurisdiction?

The AML Law contains a limited list of legal entities engaged in transactions with money and other assets falling under the regulation of the AML Law. This list includes financial institutions such as banks and non-banking credit institutions, professional participants of the securities market, insurance and leasing companies, postal and other non-credit institutions that deal with the sending of money (the Regulated Entities).

The AML law set up reporting and other obligations of the Regulated Entities, notaries and professional advisers performing legal and accounting services (the Reporting Entities).

5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners (UBOs) in a central register?

The Reporting Entities are obliged to identify their clients and obtain information regarding their UBOs, as well as collect and maintain such information.

They must provide a regulating authority (at its request) with any information regarding their clients’ transactions and their UBOs, however there is no central register for such disclosure.
6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?

The AML Law provides for “simplified” identification of the client, which can be done, by sending the documents required for the client's identification at the onboarding stage online.

Simplified identification can be undertaken by using the client’s account with the Unified System of the Identification and Authentication (maintained by Russian state authorities) or by using electronic signatures (as provided in more detail in the AML Law), without the need for the client's physical attendance on the premises of the Reporting Entities.

However, the use of simplified identification is limited by the amount of the transaction, e.g. it can be used only for the provision of consumer loans up to RUB 15,000 (approx. EUR 200) and is available only for certain kinds of financial services, although the list of such services is regularly extended. In addition, simplified identification cannot be relied on if a transaction has the characteristics of a suspicious transaction.

7. What are the other main obligations of the reporting entities?

In addition to the obligation to identify the client and its UBOs, the Reporting Entities are also required to monitor their clients’ transactions for suspicious activities, take steps to freeze suspicious assets (when required) and develop and implement sophisticated internal regulations and procedures.

8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?

In addition to the requirements set out in the AML Law, the Regulated Entities must develop and implement their own internal risk assessment programs, based on the FFMS Recommendations for Development of Criteria for Identification and Determination of Unusual Transactions adopted on 8 May 2009 (as amended). In addition, several CBR regulations establish requirements for internal control and client identification procedures for credit institutions.

In August 2011, the FFMS issued a regulation establishing a list of transactions that are considered to represent significant risks of money laundering. There are 27 types of activities on the list, including transactions made in cash, international economic activities, gambling, tourist activity, certain real estate transactions, etc.

9. What are the main CTF measures in your country?

The main CTF measures that can be implemented under the AML Law include the mandatory control of certain transactions, freezing funds and other assets, and suspending or refusing to perform suspicious operations.

The Reporting Entities are obliged to inform the FFMS of any operation which is subject to compulsory control. In addition, they can suspend an operation and should inform the FFMS if they have information indicating that any of the parties to the contemplated operation may be participating in terrorist activities, or if it is explicitly or
10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?

The Russian Criminal Code provides for criminal liability for breaches of the legislation on anti-money laundering, including penalties and imprisonment for a Reporting Entity's management.

The CBR may also take preventative and enforcement measures against a Regulated Entity involved in transactions which are contrary to the AML Law. These measures include:

- informing the Regulated Entity of the CBR's concern regarding its activities;
- suggesting that the Regulated Entity provides the CBR with a programme for improvement; and
- establishing additional monitoring measures over the Regulated Entity.

CBR enforcement measures may also include the imposition of a penalty and the withdrawal of the relevant licence from a Regulated Entity.
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7 What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?
8 Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?
9 What are the main CTF measures in your country?
10 What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?
1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?


2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?

Yes, with the adoption of the AML Act the basic provisions of the 4th AML Directive were implemented. Additional amendments to the AML Act were adopted in December 2019 implementing the provisions of the 5th AML Directive.

3. Which is the AML/CTF supervisory authority in your jurisdiction?

The Administration for the Prevention of Money Laundering (the “Administration”) is the main AML/CTF supervisory authority. This body is part of the Ministry of Finance and has the authority to collect, store, investigate, analyse and disclose to the competent authorities documents and data as well as to conduct other procedures aimed at counteracting money laundering and financing terrorism, in accordance with the AML Act.

Other authorities authorised to monitor compliance with the key obligations under the AML Act in certain sectors include the National Bank of the Republic of Serbia, the Securities Commission, the National Customs Agency, and the Republic of Serbia Gambling Authority.

4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?

Under the AML Act, a large number of entities have this duty and they include banks, financial institutions, payment services providers, insurance companies and intermediaries. In this regard, the entirety of the full scope of the obliged entities is covered, but in Serbia, the scope of the obliged entities under the AML Directives is extended to also include attorneys when they assist in certain types of transactions.

5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners (UBOs) in a central register?
The KYC requirements in the AML Act follow the requirements of the 4th and 5th AML Directives.

The AML Act obliges reporting entities to acquire information regarding the UBO’s of their clients (customers). The UBO Act governs the establishment, content, bases of recording and manner of keeping the Central Register of beneficial owners of legal entities and other entities registered in the Republic of Serbia. The UBO Act provides a general obligation on all entities to disclose their UBOs to the Central Registry.

6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?

Yes, the legislation in various sectors, such as the banking sector, allows for the digital onboarding of customers, provided that the requirements for customer identification and customer verification under the AML Act are observed. Still, this method of onboarding of customers is not widely used in practice, and so far only a handful of obliged entities have adopted full online onboarding of customers, while many more are frequently using digital tools to make the onboarding of customers user friendly and save time.

7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?

The reporting entities' obligations under the AML and CTF Act follow the 4th and 5th AML Directives. These include customer due diligence (CDD), the collection and storage of information and documents; an assessment of the risk of money laundering and terrorist financing, and the disclosure of information on suspicious operations, transactions and customers. There are no obligations that go beyond the scope of the AML Directives.

8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?

Yes, a National Risk Assessment for Money Laundering and Terrorist Financing (the “NRA”) was adopted on 31 May 2018 in Serbia. Based on this risk assessment, Serbia has adopted the Strategy and the Action plan for implementing the Strategy for the Fight against Money Laundering and Financing of Terrorism, 2020–2022. These documents provide a strategy and useful measures for monitoring and limiting the risks of money laundering and financing terrorism.

The NRA provides a strategy and useful measures for monitoring and limiting the risks of money laundering and terrorist financing. The sectors that are most exposed to money laundering threats are the real estate sector, the organisation of games and the banking sector, followed by the exchange office, casinos and accountants.

9. What are the main CTF measures in your country?

The only measures provided under the AML and CTF Act relate to KYC, and include a prohibition on providing
financial services, funds and other financial assets and economic resources if these cannot be carried out properly.

Following suspicious activity, the Administration must be notified and will carry out an investigation or monitor the subject.

**10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?**

The Serbian Criminal Code recognises both money laundering and financing terrorism as standalone criminal offences. Predicate crimes that are committed either in or outside Serbia can support a money laundering charge brought in Serbia.

The penalties prescribed in the Criminal Code for money laundering are:

- imprisonment for a period of six months up to 12 years depending on the sum of the laundered money and circumstances, as well as a fine;
- the funds which were laundered will be confiscated.

The penalties prescribed in the Criminal Code for financing terrorism are:

- imprisonment from one to ten years and the funds used to fund terrorism will be confiscated.

Legal entities can, in principle, bear criminal liability under Serbian law. Namely, the Responsibility of Legal Entities Act states that if a legal entity has enriched itself through the proceeds of a crime committed by an employee or a director, the legal entity can be sanctioned with a fine. This fine ranges from RSD 100,000 (EUR 850) up to RSD 500,000,000 (EUR 4,250,000) and will depend on the jail time prescribed for the criminal offence committed by the employee or director.

The AML Act provides a range of sanctions for non-compliance with the key requirements, such as customer checks, record-keeping, and suspicious transaction reporting. The sanctions take the form of fines and penalties which vary depending on the type of the infringement and range from RSD 50,000 (EUR 425) to RSD 3,000,000 (EUR 25,500), for the legal entity and RSD 10,000 (EUR 85) to RSD 200,000 (EUR 1700) for the responsible person.

Banks and other special categories of obliged entities are fined in accordance with the Banks Act.

Further, the Registry Agency as administrator of the Central UBO Register may also impose fines for non-compliance.

The number of prosecutions, convictions and administrative sanctions has increased in recent years.
AML and CTF law and regulation in Slovakia
1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?
2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?
3. Which is the AML/CTF supervisory authority in your jurisdiction?
4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?
5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners (UBOs) in a central register?
6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?
7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?
8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?
9. What are the main CTF measures in your country?
10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?
1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?

Act No. 297/2008 Coll. on protection against the legalisation of proceeds from criminal activity and protection against the financing of terrorism, adopted on 2 July 2008, as amended (the “AML Act”).

2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?

The 4th AML Directive was implemented in full, the 5th AML Directive was partially implemented.

3. Which is the AML/CTF supervisory authority in your jurisdiction?

The Financial Intelligence Unit (the “FIU”) of the National Criminal Agency is the main AML/CTF supervisory authority. The FIU has the authority to collect, store, investigate, analyse and disclose financial intelligence investigations carried out under the terms and procedures of the AML Act.

Another authority authorised to monitor compliance with the key obligations under the AML Act in certain sectors is the Slovak National Bank.

4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?

In addition to the obliged entities (persons) under the 4th and 5th AML Directives, the Slovak AML Act also considers the trustees and providers of postal services as obliged persons.

5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners (UBOs) in a central register?

The KYC requirements in Slovakia follow the requirements of the 4th and 5th AML Directives.

Subjects registered with the Slovak Commercial registry (subject to certain exceptions) are obliged to register their UBOs with the registry. Subjects commencing business in the public (state) sector are obliged to register their UBOs with the Registry of Public Sector Partners and disclose the UBOs.

6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the
restrictions, if any?

Yes, the legislation in various sectors, such as the banking sector, allows for the digital onboarding of customers, provided that the requirements for customer identification and customer verification under the AML Act are observed.

7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?

The main obligations of the reporting entities under the AML Act follow the 4th and 5th AML Directives. These include customer due diligence (CDD), the collection of information and documents and their storage, an assessment of the risk of money laundering and terrorist financing, and the disclosure of information on suspicious operations, transactions and customers. The Slovak UBO definition considers as the UBO any individual with an indirect shareholding interest (of at least 25%) of any kind, i.e. it is necessary to follow the shareholding structure up to the very last individual.

8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?

Yes, a National Risk Assessment for Money Laundering and Terrorist Financing (“NRA”) was included in the AML Act dated 15 March 2018. The NRA provides a strategy and useful measures for monitoring and limiting the risks of money laundering and terrorist financing.

9. What are the main CTF measures in your country?

The main measures include stopping suspicious financial operations and in cases with the suspicion of a crime commitment and freezing funds, other financial assets and economic resources.

10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?

Money laundering and terrorist financing are criminalised under the Slovak Criminal Code as standalone crimes. The penalties for money laundering and financing terrorism provided in the Slovak Criminal Code are imprisonment from two (or five in the case of financing terrorism) to 20 years, depending on the severity of the crime.

Legal entities can be held liable for the both crimes. The available penalties include forfeiture of property and dissolution of the legal entity.
The AML Act provides a range of sanctions for non-compliance with the key requirements, such as customer checks, record-keeping, and suspicious transaction reporting. Fines and penalties vary depending on the type of infringement, the type of infringer (an individual or entity, or the type of entity—banks, insurers, etc.), whether its initial, repeated or systematic, and can reach as high as EUR 1 million (EUR 5 million in the case of financial institutions).

The number of prosecutions, convictions and administrative sanctions has increased in recent years.
AML and CTF law and regulation in Slovenia
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1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?

The Prevention of Money Laundering and Terrorist Financing Act, adopted on 20 October 2016, as amended (the “AML Act”).

2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?

With the adoption of the AML Act back in 2016, the provisions of the 4th AML Directive were implemented.

The 5th AML Directive has been implemented with amendments to the AML Act which became effective on 11 July 2020.

3. Which is the AML/CTF supervisory authority in your jurisdiction?

The Office for Money Laundering Prevention (the “OMLP”) as the body within the Ministry of Finance is the main AML/CTF supervisory authority. The OMLP has the authority to collect, store, investigate, analyze and disclose relevant information under the AML Act.

Other authorities authorized to monitor compliance with key obligations under the AML Act in certain sectors include the Bank of Slovenia, the Securities Market Agency, the Insurance Supervision Agency, the Financial Administration, the Market Inspectorate, the Agency for Public Oversight of Auditing, the Slovenian Institute of Auditors, the Slovenian Bar Association, and the Chamber of Notaries of Slovenia.

4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?

There are more than 40 categories of entities under the AML Act, including banks, financial institutions, payment services providers, post, insurance and reinsurance companies and intermediaries, investment funds, and under certain conditions also attorneys and notaries.

The scope of the obliged entities follows the scope in the 4th and 5th AML Directives, though the category of “other persons trading in goods to the extent that payments are made or received in cash of EUR 10,000 or more” is not included in the list of entities—the reason is that the AML Act includes a provision that those who sell goods or carry out services are prohibited from accepting cash payments exceeding EUR 5,000.

5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners
ovement in a central register?

The KYC requirements in Slovenia follow the requirements of the AML Directives.

To facilitate the CDD obligations of the reporting entities, the AML Act provides a general obligation on business entities to disclose their UBOs to the Agency of the Republic of Slovenia for Public Legal Records and Related Services Register (AJPES), which also manages the business register.

6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?

Yes, if certain requirements are met, the AML Act provides an option for electronic identification or video electronic identification.

- Electronic identification of a natural person is possible provided that the assurance level corresponds to the assurance level high. Further, the first payment within the scope of the transaction must be processed via customer's account at a credit institution.
- Video electronic identification may be made under the following conditions:
  - for products or services for which it is established that an increased risk of money laundering or terrorism financing does not exist;
  - the customer's identity is determined based on an official personal identification document equipped with a biometric photograph;
  - the customer is over 18 years old;
  - the customer has permanent residency in countries (member states or third countries) with efficient AML/CFT mechanisms;
  - the customer does not reside in a country listed as having a significant risk of money laundering or terrorism financing;
  - the use one enhanced CDD measure for one year;
  - ensuring that the first transaction is made via the customer's bank account at a credit institution.

Further, in video-electronic identification a threshold of EUR 15,000 applies.

7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?

The reporting entities' obligations under the AML Act follow the 4th and 5th AML Directives. These include customer due diligence (CDD), the collection and storage of information and documents; an assessment of the risk of money laundering and terrorist financing, and the disclosure of information on suspicious operations, transactions and customers. There are no obligations that go beyond the scope of the AML Directives.
8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?

The latest National Risk Assessment for Money Laundering and Terrorist Financing (the “NRA”) was prepared in November 2016 with data for 2014 and 2015. According to the AML/CTF Act, the NRA should be updated every four years, therefore the NRA for Slovenia should be updated some time this year.

9. What are the main CTF measures in your country?

The measures provided under the AML Act (either preventive measures such as a CDD or remedial measures such as the OMLP temporarily freezing transactions) are the same for AML and CTF.

10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?

Money laundering and terrorist financing are criminalised under the Slovenian Criminal Code as standalone crimes. The penalties for money laundering and financing terrorism provided in the Criminal Code are imprisonment from one to 15 years, depending on the severity of the crime, and in certain cases along with imprisonment a court may impose also a fine and confiscation of money and assets.

Legal entities can bear criminal liability under Slovenian law. A legal entity can be sanctioned with a fine or with forfeiture of property, and winding up the legal entity in certain cases, depending on the severity of the crime.

The AML Act provides a range of sanctions for non-compliance with the key requirements, such as CDD, record-keeping, and suspicious transaction reporting. Fines vary depending on the type of the infringement, the type of infringer (an individual or entity, or type of entity—credit and financial institutions, etc.), whether its initial, repeated or systematic, and can reach as high as EUR 5 million or up to 10% of the annual turnover according to the consolidated accounts of the parent undertaking for the previous year.

Progress appears to have been made in recent years regarding ML/TF investigations, however MONEYVAL has stated that the fight “is not fully prioritized” and that “authorities should be more proactive in investigating and prosecuting ML related to serious crime, in line with Slovenia’s risk profile”.

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AML and CTF law and regulation in Ukraine
What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?

Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?

Which is the AML/CTF supervisory authority in your jurisdiction?

Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?

What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners (UBOs) in a central register?

Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?

What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?

Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?

What are the main CTF measures in your country?

What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?

Footnotes
1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?

- The main legal act which provides for AML/CTF is the new Law of Ukraine “On Preventing and Counteracting to Legalization (Laundering) of the Proceeds of Crime, Terrorism Financing, and Financing Proliferation of Weapons of Mass Destruction”, adopted on 6 December 2019 and which entered into force on 28 April 2020 (the “AML Law”);
- The Law of Ukraine “On Combating Terrorism”, adopted on 20 March 2003, as amended (the “CT Law”);
- Penal Code of Ukraine, adopted on 5 April 2001, as amended (the “PCU”).

2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?

According to the explanatory note to the AML Law and available information from public sources, the new AML Law was developed based on and adopted with the purpose of implementing the basic provisions of the 4th AML Directive and partially the provisions of the 5th AML Directive.

3. Which is the AML/CTF supervisory authority in your jurisdiction?

The State Service of Financial Monitoring of Ukraine (the “SSFMU”) is the main AML/CTF supervisory authority. 1

Other authorities that perform the functions of state regulation and supervision of subjects of primary financial monitoring include the National Bank of Ukraine, the Ministry of Finance of Ukraine, the Ministry of Justice of Ukraine, the National Securities and Stock Market Commission, the Ministry of Digital Transformation. 2

4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?

In Ukraine, the primary financial monitoring entities (obliged entities) are banks, financial institutions, payment services providers, insurance and reinsurance companies and intermediaries, accountants, legal advisors, tax advisors, persons providing the services on formation and management of legal entities, notaries, estate agents, providers of services related to virtual assets, etc. 3

We understand that in Ukraine, the scope of the obliged entities is mainly the same as under such AML Directives.

5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners

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(UBOs) in a central register?

According to the AML Law, the legal requirements for KYC are the following:

- identifying the customer (client) and verifying the customer's identity on the basis of documents, data or information obtained from a reliable and independent source;
- identifying the UBO of the customer or its absence, including, by clarifying the ownership structure and obtaining data allowing to establish the UBO, and taking measures to verify his/her identity;
- clarifying the nature of future business relationships and the purpose of conducting a financial transaction;
- regularly monitoring business relations and respective financial transactions of the customer (client) as to their compliance with the available information about the customer, its activities and respective risks (including, if necessary, about sources of funds for financial transactions);
- ensuring the relevance of received documents, data and information about the customer.

The new AML Law provides new disclosure rules for UBOs in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organization and requires that the information about such ultimate beneficiary owners is constantly updated. A failure by the management/directors of an entity to submit (including on time) information and documents regarding the entity's UBO to the state registrar is punishable with an administrative fine from UAH 17,000 (EUR 580) to UAH 51,000 (EUR 1,750).

6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?

With the entry into force of the new AML Law on 28 April 2020, the implementation of identification and verification will not require the personal presence of customers. The National Bank of Ukraine is currently developing fundamental changes to the regulation on the remote identification and verification of customers.

7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?

The main obligations of the reporting entities under AML Law are: (i) the due diligence of the customer; (ii) the collection and storage of information and documents, in particular, on the customer's identification, verification of the UBO and the customer's financial transactions; (iii) and assessment of the risk of money laundering and terrorism financing; (iv) notification of the competent state authorities of any suspicious operations and the threshold operations of customers.

We understand that the main obligations of the reporting entities under AML Law mainly follow these Directives, i.e., the AML Law does not contain any obligations going beyond those required by the AML Directives.

8. Is a National Risk Assessment adopted in your
jurisdiction? If yes, what are the main identified risks?

Yes, according to the AML Law, the National Risk Assessment on preventing and countering legalisation (laundering) of proceeds of crime and terrorism financing (the “NRA”) is carried out systematically, but at least once every three years.  

The second NRA report was provided in December 2019 by the SSFMU (the first in Ukraine was conducted in 2016). According to the results of the second NRA, 24 risks of money laundering and terrorism financing were identified in Ukraine (including 6 high-level risks, 16 medium risks and 2 low risks). The main identified high-level risks were:

- risk of forgery of invoices in foreign economic activity (the risk of illegal financial outflows from the country);
- manifestations of terrorism and separatism;
- high cash turnover;
- low income among the population;
- money laundering/terrorism financing via remote services or using virtual currencies; and
- inadequate detection and sanctioning of suspicious financial transactions by PEPs.  

9. What are the main CTF measures in your country?

The main measures provided under the AML Law include the freezing of funds (i.e. prohibition on the transfer, conversion and allocation of funds) and suspension of financial operations. If assets allegedly connected with the terrorism financing are detected, the primary financial monitoring entity is obliged to immediately freeze the funds and notify the SSFMU and the Security Service of Ukraine, or to suspend the respective financial operations and notify the SSFMU.  

Further, the PCU provides for criminal liability for terrorism financing. In particular, according to the PCU, any individuals who commit terrorism financing, will be punished with imprisonment from 3 to 12 years with possible additional sanctions such as a fine and confiscation of property with a prohibition from performing certain activities or occupying certain positions for up to three years.  

In addition, the AML law provides a wide range of sanctions, including fines, for obliged/reporting entities for violating the money laundering and terrorism financing legislation related to the monitoring procedures.  

10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?

In Ukraine, liability for money laundering and terrorism financing is provided by the PCU, the Code of Administrative Offences of Ukraine, adopted on 7 December 1984, as amended (the “CAOU”).  

Where a corporate body is involved in money laundering/terrorism financing, its management/directors or employees do not bear criminal liability for such crimes merely because they hold the respective corporate
positions. Instead, such management/directors or employees may only bear criminal liability if they personally took part in money laundering/terrorism financing activities (please also see our comments to Question 9 above). In addition, money laundering/terrorism financing committed in the name and on behalf of a legal entity may expose such entity to criminal sanctions (i.e. fine, confiscation and liquidation) under the PCU.  

According to the CAOU, if the money laundering and terrorism financing related legislation is breached (e.g., a failure to provide/late submission/submission of unreliable information related to the analysis of financial transactions), the management/directors of an entity will be punished with a fine from UAH 1,700 (EUR 60) to UAH 3,400 (EUR 115).  

The number of notifications regarding money laundering and terrorism financing increases every year. However the effectiveness of law enforcement authorities in investigating and prosecuting money laundering/terrorism financing charges is relatively low overall.
Footnotes

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14 Penal Code of Ukraine, 5 April 2001, Articles 963, 967-969.
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1. What national legal act(s) provide for Anti-Money Laundering (AML)/Counter Terrorist Financing (CTF) measures in your country?

- Act No. 253/2008 Coll., on certain measures against money laundering and financing of terrorism (the “AML Act”);
- Decree No. 281/2008 Coll., on certain requirements for the system of internal policies, procedures and control measures against money laundering and terrorist financing (the “AML Decree”);
- Act No. 40/2009 Coll., Criminal Code;
- Act No. 69/2006 Coll., on carrying out of international sanctions (the “International Sanctions Act”).

2. Are the 4th AML Directive and the 5th AML implemented in your jurisdiction?

Yes, the 4th AML Directive was implemented into Czech law via Act No. 368/2016 Coll. which amends (i) the AML Act; (ii) the International Sanctions Act; (iii) Act No. 304/2013 Coll., on public registers of legal entities and individual persons; and other acts.

The 5th AML Directive is currently being implemented into two separate acts: (i) an amendment act which will amend the AML Act and Act No. 186/2016 Coll., on hazardous games; and (ii) a new act on the Ultimate Beneficial Owner Registry.

3. Which is the AML/CTF supervisory authority in your jurisdiction?

The Financial Analytics Office is the main AML/CTF supervisory authority. Other authorities authorised to monitor compliance with the key obligations under the AML Act in certain sectors include the Czech National Bank, the Ministry of Finance, and the Czech Inspection Authority.

4. Who are the obliged/reporting entities in your jurisdiction? Are there any local derogations from the scope of the obliged entities as provided for in the 4th and 5th AML Directives?

There are almost 40 categories of reporting entities under the AML Act, including banks, financial institutions, operator of hazardous games, persons active in the real estate industry and intermediaries in the field, notaries, attorneys etc. In the Czech Republic, the scope of reporting entities under the AML Directives is extended also to include persons authorised to conduct business at cultural sites or with items of cultural value, persons authorised to conduct business with used goods or intermediaries in the field, national administrators of registries of permits and persons providing services connected with virtual currencies.

5. What are the legal requirements for KYC in your jurisdiction? Is there an obligation in your country for the disclosure of the subject’s ultimate beneficial owners?


(UBOs) in a central register?

The KYC requirements in the Czech Republic follow the requirements of the 4th and 5th AML Directives and include the following minimum information:

- Individual persons: name, surname, birth certificate number, date of birth (if birth certificate number is not provided), place of birth, permanent or other residence, citizenship and if the person is the entrepreneur, also company name, place of business and the identification number;
- Legal entities: company name, registered seat, identification number, identification data on persons who are members of the company's statutory bodies which enable their identification;
- Trust funds and other institutions without a legal personality: title, identification data of the administrator or of a person in a similar position.

To facilitate the obligations of the reporting entities, the AML Act provides a general obligation on commercial companies, trust funds, associations, public legal entities, foundations, and institutes to disclose their UBOs to the court which keeps the relevant register, e.g. commercial companies will register at the court maintaining the commercial register. Please note that the UBO registry is not publicly accessible.

6. Is there any legislation in your country allowing for online/digital onboarding of customers? What are the restrictions, if any?

Yes, the legislation in various sectors, such as the banking sector, allows for the digital onboarding of customers, provided that the requirements for customer identification and customer verification under the AML Act are observed.

7. What are the other main obligations of the reporting entities? Do the obligations of some of them go beyond those required by the 4th and 5th AML Directives in terms of internal safeguards, KYC duties, reporting obligations, etc.?

The main obligations of the reporting entities under the AML Act follow the 4th and 5th AML Directives. These include customer due diligence (CDD), the collection of information and documents and their storage, an assessment of the risk of money laundering and terrorist financing, and the disclosure of information on suspicious operations, transactions and customers. The Czech AML Act further specifies requirements for a system of internal principles, risk assessment, staff training and information obligation.

8. Is a National Risk Assessment adopted in your jurisdiction? If yes, what are the main identified risks?

Yes, the first round of the National Risk Assessment for Money Laundering and Terrorist Financing (the “NRA”) was finalised and approved on 9 January 2017 by the Government of the Czech Republic (the idea is to repeat the NRA regularly).
The NRA report provides an assessment of the role of each public authority entrusted with the task of enforcing the AML and individual controlling mechanisms.

The NRA report provides a strategy and useful measures for monitoring and limiting the risks of money laundering and terrorist financing regarding the following bodies:

- financial institutions;
- mobile payment services providers;
- insurers;
- legal and advisory services;
- service providers for companies and trust funds.

The main identified risks include:

- tax-related crimes followed by money laundering;
- corruption followed by money laundering;
- interference with public procurement followed by money laundering;
- public aid crimes followed by money laundering;
- terrorist financing; and
- drug-related crimes followed by money laundering.

9. What are the main CTF measures in your country?

The AML Act prescribes a number of key obligations that must be respected to the maximum extent by all reporting persons and all individuals and legal entities:

- client identification and control obligation;
- information obligation;
- reporting obligation;
- obligation to postpone client's instruction;
- preventive measures obligation;
- obligations related to transfers of funds;
- reporting obligation regarding cross-border transfers;

Measures adopted in response to a breach of these obligations will depend on the nature of the breach, e.g. an assessment of whether the nature of the breach amounts to civil or criminal liability.

10. What are the criminal and/or regulatory and/or other risks for corporate bodies/directors/employees under your national law if failing to comply with AML/CTF legislation? Is there regular enforcement of the AML/CTF legislation in your country?

Money laundering and terrorist financing are criminalised under the Czech Criminal Code as standalone crimes. The legalisation of the proceeds of crime is subject to imprisonment up to ten years. Terrorist financing is subject to imprisonment up to 15 years. Further sanctions, such as forfeiture of property etc., can be imposed.
Czech law recognises corporate criminal liability, therefore companies may also be criminally liable for money laundering and terrorist financing. There is a wide range of sanctions which can be imposed on legal entities, e.g. dissolution of the company, forfeiture of property, monetary penalty, and publishing the judgment.

The AML Act provides a range of sanctions for non-compliance with the key obligations and sets out individual fines and penalties depending on the type of infringement, the type of infringer (an individual or entity or type of entity, banks, insurers, etc.).