



ЕВРАЗИЙСКАЯ ГРУППА
по противодействию легализации преступных доходов
и финансированию терроризма

EURASIAN GROUP
on combating money laundering
and financing of terrorism

English – Or. Russian

24th EAG PLENARY MEETING

June 6 - 10, 2016

Republic of Kazakhstan, Astana



THE FIFTH FOLLOW-UP REPORT OF THE REPUBLIC OF UZBEKISTAN

THE FIRST MUTUAL EVALUATION OF THE REPUBLIC OF UZBEKISTAN

The Fifth Follow-up Report on the Implementation of the EAG Mutual Evaluation Recommendations

I. INTRODUCTION

1. The purpose of this document is to present to the EAG Plenary Meeting the fifth follow-up report of the Republic of Uzbekistan which describes the measures taken by Uzbekistan for eliminating the deficiencies revealed in course of the mutual evaluation and reviews the progress achieved in implementation of the Key Recommendations (SR.I and SR.III) with PC (partial compliance) ratings.
2. The review and analysis of the progress made in implementation of the requirements of Special Recommendation I and Special Recommendation III was conducted by the legal expert Vadim Andreevich Tarkin (legal expert) and the EAG Secretariat based on the materials (laws, regulations, by-laws and other documents) provided by the Republic of Uzbekistan.
3. The dates of consideration and adoption of the reports:
 - The mutual evaluation report (MER) of the Republic of Uzbekistan was adopted by the 12th EAG Plenary Meeting in June 2010;
 - The first follow-up report of the Republic of Uzbekistan was adopted by the 13th EAG Plenary Meeting in November 2010;
 - The second follow-up report of the Republic of Uzbekistan was adopted by the 17th EAG Plenary Meeting in November 2012;
 - The third follow-up report of the Republic of Uzbekistan was adopted by the 21st EAG Plenary Meeting in November 2014.
 - The fourth follow-up report of the Republic of Uzbekistan was adopted by the 23rd EAG Plenary Meeting in November 2015.
4. As for the FATF Core and Key Recommendations, the Republic of Uzbekistan was rated PC (partially compliant) with Recommendation 5 (Customer due Diligence), Recommendation 10 (Record Keeping), Recommendation 23 (Regulation, Supervision and Monitoring), Recommendation 40 (Other Forms of International Cooperation), Special Recommendation I (Implementation of UN Instruments) и Special Recommendation III (Freezing and Confiscation of Terrorist Assets). Uzbekistan was rated partially compliant (PC) and non-compliant (NC) with **twenty two** Recommendations, as indicated below.

Partially compliant (ЧC)	Non-compliant (NC)
<i>Core Recommendations</i>	
R.5 (Customer Due Diligence) R.10 (Record Keeping)	

<i>Key Recommendations</i>	
R.23 (Regulation, Supervision and Monitoring) R.40 (Other Forms of Cooperation) SR.I (Implementation of UN Instruments) SR.III (Freezing and Confiscation of Terrorist Assets)	
<i>Other Recommendations</i>	
R.8 (New Technologies & Non Face-to-Face Business) R.11 (Unusual Transactions) R.12 (DNFBP– R.5, 6, 8-11) R.15 (Internal Control, Compliance & Audit) R.16 (DNFBP – R.13-15 & 21) R.17 (Sanctions) R.24 (DNFBP - Regulation, Supervision & Monitoring) R.25 (Guidelines & Feedback) R.29 (Supervisors) R.30 (Resources, Integrity & Training) R.32 (Statistics) R.33 (Legal Persons – Beneficial Owners) SR.VI (AML Requirements for Money/Value Transfer Services) SR.VIII (Non-Profit Organizations) SR.IX (Cross Border Declaration & Disclosure)	R.6 (Politically Exposed Persons)

5. The fifth follow-up report covers the period since November 2015 through May 2016. The laws and regulations adopted by the Republic of Uzbekistan in the reporting period were aimed at elimination of the deficiencies revealed in course of the EAG mutual evaluation, enhancement of the CFT measures and further improvement of the national AML/CFT system.

II. OVERVIEW OF PROGRESS MADE BY THE REPUBLIC OF UZBEKISTAN SINCE NOVEMBER 2015 THROUGH MAY 2016

6. This section highlights the most important steps undertaken by the Republic of Uzbekistan since November 2015 for addressing the deficiencies revealed in course of the mutual evaluation.

Overall Context

7. In the reporting period, the following laws and basic regulations of the Republic of Uzbekistan were amended and modified:
- Criminal Code of the Republic of Uzbekistan;
 - Law of the Republic of Uzbekistan on Combating Terrorism;
 - Law of the Republic of Uzbekistan on Combating Legalization of Proceeds Obtained through Crime and Financing of Terrorism;
 - Law of the Republic of Uzbekistan on Public Foundations;
 - Law of the Republic of Uzbekistan on Bank Secrecy;
 - Regulation on Corporate Governance of Commercial Banks (registered with the Ministry of Justice on 05.07.2000, Reg. No.943; amendments came into effect on 17.11.2015 r.).
8. The following laws were adopted:
- Law of the Republic of Uzbekistan on Accounting (new version);
 - Customs Code of the Republic of Uzbekistan (new version).

Key Recommendations (SR.I and SR.III)

Special Recommendation I (Implementation of UN Instruments)

1. Requirements of Article 2 (1) (a) of the International Convention for the Suppression of the Financing of Terrorism as regards criminalization of seizure of nuclear materials as well as unlawful acts against the safety of fixed platforms located on continental shelf are not provided.

9. RU Law No.ZRU-405 of 25.04.2016 on Amendments and Modifications to Certain legislative Acts of the Republic of Uzbekistan amended Article 246 (Smuggling), Article 252 (Illegal Possession of Radioactive Materials) and Article 254 (Illegal Handling of Radioactive Materials) of the Criminal Code of the Republic of Uzbekistan. Besides that, the new term “radioactive materials” was introduced into the Criminal Code.
10. Pursuant to the aforementioned law (which was published and came into force) Uzbekistan established criminal liability for theft of nuclear materials as required by the Convention on the Physical Protection of Nuclear Material (Vienna, 03.03.1980) and the International Convention for the Suppression of the Financing of Terrorism (New York, 09.12.1999).
11. Besides that, amendments and modifications were introduced into Article 2 of the RU Law on Combating Terrorism. Pursuant to these amendments the concept of “terrorist act” is extended and “unlawful acts” now cover acts against safety of fixed platforms located on the continental shelf. Thus, criminal liability for abetting, aiding, attempting, threatening, preparing and committing criminal offences on fixed platforms located on the continental shelf is established by Articles 28, 58 and 155 of the Criminal Code of the Republic of Uzbekistan.
12. Thus, the recommendation as it pertains to criminalization of theft of nuclear materials and

unlawful acts against safety of fixed platforms located on the continental shelf is implemented.

2. *Lack of sufficient information on measures undertaken to comply with UN Security Council Resolutions 1267 (1999), 1333 (2000), 1363 (2001), 1390 (2002), 1455 (2003) and 1526 (2004).*

13. The position to this recommendation is presented in the review of Special Recommendation III.

Conclusions on Special Recommendation I: Taking into account the undertaken measures, Uzbekistan has made substantial progress in implementing this Recommendation. However, to achieve full compliance should take further measures for implementing UN Security Council Resolutions 1267 (1999), 1333 (2000), 1363 (2001), 1390 (2002), 1455 (2003) and 1526 (2004).

Taking into account the progress achieved by the Republic of Uzbekistan in implementing Special Recommendation I, the current compliance rating may be upgraded to **LC**.

Special Recommendation III (Freezing and Confiscation of Terrorist Assets)

1. *The current regime for suspension of transactions and application of criminal-procedural mechanisms in respect to individuals listed as terrorists raises questions as to the effectiveness of the implementation of Resolutions 1267 and 1373.*

2. *There are no necessary mechanisms for reviewing and utilizing the information received from foreign countries in respect of entities subject to freezing measures.*

3. *Uzbekistan has no procedures for processing/considering de-listing requests.*

4. *Uzbekistan has no mechanisms authorizing access to a portion of funds necessary for basic expenses, as required by the UN Security Council Resolutions 1452.*

14. RU Law No.ZRU-405 of 25.04.2016 on Amendments and Modifications to Certain legislative Acts of the Republic of Uzbekistan introduced the relevant amendments into the basic Law of the Republic of Uzbekistan on Combating Legalization of Proceeds Obtained through Crime and Financing of Terrorism (hereinafter the basic AML/CFT Law).

15. The new terms “freezing of funds or other assets” and “suspension of a transaction” were introduced. In this context, entities engaged in transactions with funds or other assets are obliged to: check parties to a transaction against the list of persons involved or suspected of being involved in terrorist activities or in proliferation of weapons of mass destruction; suspend, without delay and prior notice, a transaction, except for transactions related to crediting incoming funds to corporate or individual bank accounts; and (or) freeze funds or assets of legal entities/individuals included in the list of persons involved or suspected of being involved in terrorist activities or in proliferation of weapons of mass destruction; and file a suspicious transaction report with the special designated government agency.

16. However, the aforementioned requirements apply only to entities that are subject to financial monitoring (entities engaged in transactions with funds or other assets).

17. Besides that, according to Article 15 of the basic AML/CFT Law the procedure of suspension of transactions, freezing funds or other assets, granting access to frozen assets and resumption of transactions of legal entities/individuals included in the list of persons

involved or suspected of being involved in terrorist activities or in proliferation of weapons of mass destruction is established by the special designated government agency in coordination with the concerned ministries and agencies.

18. It should be noted that Uzbekistan did not provide the regulations of the special designated government agency that govern the procedures of suspension of transactions, freezing funds or other assets, granting access to frozen assets and resumption of transactions of legal entities/individuals included in the list of persons involved or suspected of being involved in terrorist activities or in proliferation of weapons of mass destruction. Furthermore, the procedure of granting access to a portion of frozen funds needed for covering the basic expenses as required by UNSCR 1452 is not established.
19. In this context, entities that are subject to financial monitoring may face difficulties in fulfilling this obligation as it is defined in the basic AML/CFT Law.
20. Furthermore, the statistics provided by the Republic of Uzbekistan (Annex 7) do not include information on frozen assets as required by UNSCRs 1267.
21. The basic document that establishes the procedure of compiling the list persons involved or suspected of being involved in terrorist activities or in proliferation of weapons of mass destruction is Resolution No.272 adopted by the Cabinet of Ministers of the Republic of Uzbekistan on 12.10.2009. However, this Resolution has not been amended since the time of the mutual evaluation (conducted in 2010) and does not specify the procedure of processing/consideration of delisting requests and does not establish necessary mechanisms for reviewing and utilizing the information received from foreign countries in respect of entities subject to freezing measures. The relevant conclusions were made by the assessors in course of the mutual evaluation.
22. Thus, the positive aspect is that the Republic of Uzbekistan has taken measures for amending the basic AML/CFT Law. At the same time, Uzbekistan should further improve its national legislation and take steps for establishing mechanisms for full implementation of Special Recommendation III.

Conclusions on Special Recommendation III: Taking into account the undertaken measures, Uzbekistan has not made substantial progress in implementing this Recommendation. The legislation pertaining to these issues needs further improvement:

- Laws and regulations should be adopted to comply with UN Security Council Resolutions 1267, 1373 and 1452.

Taking into account the progress achieved by the Republic of Uzbekistan in implementing Special Recommendation III, the current compliance rating may not be upgraded to **LC** or **C**.

23. The Republic of Uzbekistan has taken corrective actions in respect to R.10, R.15, R.25, R.30, R.32, SR.II and other Recommendations.

III. EFFECTIVENESS AND STATISTICS

24. The statistical data provided by the Republic of Uzbekistan are attached as Annex 3-9.

IV. CONCLUSION

25. The Republic of Uzbekistan achieved substantial progress in eliminating the remaining deficiencies related to Key Special Recommendation I, and it can be concluded that a largely compliant level was achieved.
26. The Republic of Uzbekistan has not demonstrated sufficient progress in eliminating existing deficiencies related to Key Special Recommendation III.

27. In the meantime, general progress has been demonstrated in addressing the deficiencies under most of other Recommendations rated NC and PC.
28. According to clause 51 of the EAG Mutual Evaluation Procedures and taking into consideration the aforementioned factors, the EAG Plenary decided to remove Uzbekistan from the follow-up process.

EAG Secretariat

SUMMARY¹**of the Fifth Follow-up Report of the Republic of Uzbekistan**

1. Since November 2015 through April 2016, considerable work was done by the competent authorities of the Republic of Uzbekistan in order to further improve and strengthen the national AML/CFT system, implement the new FATF Recommendations and address the deficiencies revealed in course of the mutual evaluation.
2. Further improvement of counter-terrorism mechanisms, including CFT mechanisms, and implementation of the requirements set forth in the terrorism-related UNSCRs was identified as the major priority.

The following laws and regulations were adopted in the Republic of Uzbekistan since adoption of the fourth follow-up report:

- RU Law No.ZRU-400 of 20.01.2016 on Adoption of the Customs Code of the Republic of Uzbekistan (came into force on 22.04.2016);
- RU Law No.ZRU-404 of 13.04.2016 on Amendments and Modifications to the Law of the Republic of Uzbekistan on Accounting (the new version of the Law on Accounting was adopted);
- RU Law No.ZRU-405 of 25.04.2016 on Amendments and Modifications to Certain Legislative Acts of the Republic of Uzbekistan;
- Resolution of the Board of the Central Bank of the Republic of Uzbekistan on Amendments and Modifications to the Resolution on Corporate Governance of Commercial Banks (registered by the Ministry of Justice on 13.08.2015, Reg. No.943-4, came into force on 17.11.2015)².

Current Situation

3. The Department under the General Prosecutor's Office of the Republic of Uzbekistan, together with the government agencies concerned, continues to undertake efforts for further improvement of AML/CFT legislation and enforcement of the new FATF Recommendations.
4. In particular, the Interagency Working Committee on Implementation of the Revised FATF Recommendations undertakes the following efforts in compliance with the 2016 Action Plan:
 - Drafting and adopting the Regulation on procedure of suspension of transactions, freezing funds or other assets, granting access to frozen assets and resumption of transactions of legal entities/individuals included in the list of persons involved or suspected of being involved in terrorist activities or in proliferation of weapons of mass destruction in compliance with RU Law No.ZRU-405 of 25.04.2016;
 - Arranging for the national risk assessments, *inter alia*, finalizing the NRA Methodology;
 - Taking measures for further improvement of the national AML/CFT legislation compliance supervision and monitoring system, *inter alia*, with due consideration for the Core Principles;

¹ Summary is prepared by the Republic of Uzbekistan.

² This Regulation was not mentioned in the fourth follow-up report, since it came into force only in November 2015.

- Enhancing mechanisms for preventing misuse of new payment methods and services for ML/FT purposes;
- Taking other relevant measures.

Key Recommendations (SR.I and SR.III)

Special Recommendation I

5. RU Law No.ZRU-405 of 25.04.2016 on Amendments and Modifications to Certain Legislative Acts of the Republic of Uzbekistan amended Article 246 (Smuggling), Article 252 (Illegal Possession of Radioactive Materials) and Article 254 (Illegal Handling of Radioactive Materials) of the Criminal Code of the Republic of Uzbekistan. Besides that, the new term “radioactive materials” was introduced into the Criminal Code.
6. The aforementioned amendments implemented the requirements set forth in the Convention on the Physical Protection of Nuclear Material.
7. In particular, the new single term **“radioactive materials”** was introduced. This term covers sources of ionizing radiation, radioactive substances or **nuclear materials** in any physical state in an installation or product or in any other form.
8. The amended Article 252 reads of follows:

*“Illegal possession of radioactive materials obtained, **inter alia, through robbery, theft, misappropriation or embezzlement, or through deception or abuse of trust as well as financing, direct or indirect provision or collection of any funds, resources and provision of other services for taking illegal possession of radioactive materials** –*

are punishable by detention under arrest for up to six months, or by restriction of liberty for two up to five years or by imprisonment for up to five years.

The same actions committed:

- a) repeatedly or by a dangerous repeat offender (recidivist);
 - b) by a group of individuals acting upon prior conspiracy;
 - c) by abusing official position, –
- are punishable by imprisonment for five to ten years.*

The same actions committed:

- a) by an organized group or in its interest;
 - b) by an exceptionally dangerous repeat offender (recidivist);
 - c) by way of extortion;
 - d) by way of armed assault;
 - e) for committing the criminal offences covered by Article 155 (Terrorism) and Article 161 (Sabotage) of the Criminal Code, –
- are punishable by imprisonment for ten up to twenty years.*

9. Now, Article 254 of the Criminal Code also covers actions involving **“alteration and dispersal”** of radioactive materials, and Article 246 of the Criminal Code also covers illegal movement of radioactive materials.
10. Thus, the unlawful actions covered by the Convention on the Physical Protection of Nuclear Material are criminalized.

11. The aforementioned law also introduced amendments into Article 2 of the RU Law on Combating Terrorism. According to these amendments the concept of “terrorist act” covers unlawful acts committed against fixed platforms located on the continental shelf.
12. Inclusion of unlawful acts against fixed platforms located on the continental shelf in the definition of a “terrorist act”, along with the provisions of the Criminal Code that impose liability for terrorism, provides the legal framework for criminalization of such unlawful acts.
13. By introducing the aforementioned amendments and modifications, the Republic of Uzbekistan eliminated the deficiencies related to criminalization of theft of nuclear materials and unlawful acts against fixed platforms located on the continental shelf.
14. Information on measures taken for implementation of the relevant Resolutions of the UN Security Council is provided below under Special Recommendation III.

Special Recommendation III

15. RU Law No.ZRU-405 of 25.04.2016 on Amendments and Modifications to Certain Legislative Acts of the Republic of Uzbekistan introduced the relevant amendments into the basic Law of the Republic of Uzbekistan on Combating Legalization of Proceeds Obtained through Crime and Financing of Terrorism (hereinafter the basic AML/CFT Law).
16. In particular, the following new terms and definitions were introduced in the basic AML/CFT Law:

Freezing of funds or other assets – prohibition of transfer, conversion, disposal or movement of funds or other assets;

Suspension of a transaction – suspension of execution of customer’s instructions regarding transfer, conversion, assigning for possession or use by other persons of funds or other assets as well as suspension of other legally valid actions.

17. The amended Article 15 of the basic AML/CFT Law obliges entities engaged in transactions with funds or other assets to:

Check parties to a transaction against the list of persons involved or suspected of being involved in terrorist activities or in proliferation of weapons of mass destruction;

Suspend, without delay and prior notice, a transaction, except for transactions related to crediting incoming funds to corporate or individual bank accounts, and (or) freeze funds or assets of legal entities/individuals included in the list of persons involved or suspected of being involved in terrorist activities or in proliferation of weapons of mass destruction, and also file a suspicious transaction report with the special designated government agency.

18. Besides that, the aforementioned law introduced amendments into the Law on Combating Terrorism. According to these amendments the Department for Combating Tax and Currency Crimes and Money Laundering under the RU General Prosecutor’s Office (hereinafter the Department or the Uzbek FIU) is included in the list of counter-terrorism agencies and its main powers in this sphere are defined.
19. In particular, the following new Article 14¹ is included in the Law on Combating Terrorism:

“Article 14¹. Powers of the Department for Combating Tax and Currency Crimes and Money Laundering under the General Prosecutor’s Office of the Republic of Uzbekistan in the Counter-Terrorism Sphere

The Department for Combating Tax and Currency Crimes and Money Laundering under the General Prosecutor's Office of the Republic of Uzbekistan:

Monitors transactions with funds or other assets for detecting and disrupting terrorist financing;

Makes decision to suspend transactions with funds and other assets in the situations and in a manner specified in the legislation;

Exercises other powers in compliance with the legislation”

20. According to Resolution No.272 adopted by the RU Cabinet of Ministers on 12.10.2009 the lists of persons linked to terrorist activities are compiled and maintained by the Department based on the information provided by the Foreign Ministry, General Prosecutor's Office, National Security Service, Interior Ministry, State Customs Committee and other government authorities. The relevant information shall be provided within two business days after such information is received or revealed. Upon receipt of the information, the Department includes the relevant legal entity/individual into the list and disseminates it to entities engaged in transactions with funds or other assets.
21. Given the above, Uzbekistan, in general, has the mechanisms for reviewing and utilizing the information received from foreign countries in respect of entities subject to freezing measures.
22. Amended Article 15 of the basic AML/CFT Law empowers the Department (the Uzbek FIU) to establish, in coordination with the agencies concerned, the procedure of granting access to frozen assets for individuals included in the list of persons involved or suspected of being involved in terrorist activities or in proliferation of weapons of mass destruction.
23. Therefore, the Republic of Uzbekistan has made a substantial progress in addressing the deficiencies in implementation of Special Recommendation III revealed in course of the EAG mutual evaluation.

Other Recommendations

Recommendation 10

24. RU Law No.ZRU-404 of 13.04.2016 adopted the new version of the Law on Accounting. Article 29 of this revised Law stipulates that documents shall be retained for at least five years.
25. By adopting this Law the Republic of Uzbekistan fully eliminated the deficiencies under Recommendation 10 indicated in the mutual evaluation report.

Recommendation 15

26. The Resolution of the Board of the Central Bank of the Republic of Uzbekistan (registered by the Ministry of Justice on 13.08.2015, Reg. No. 943-4; came into force on 17.11.2015) amended the Regulation on Corporate Governance of Commercial Banks. In particular, the introduced amendments require the boards of commercial banks to develop the professional ethics standards for ensuring effective operation of the internal control system, including effective implementation of AML/CFT controls, across all structural departments of a bank.

Recommendation 25

27. Based on the analysis of law enforcement practice and the international experience the Department developed the standard Guidance on compliance with the RU AML/CFT legislation and on application of risk-based approach. In November 2015, this Guidance

was provided to the relevant supervisory, licensing and registration authorities for further dissemination to the supervised entities.

28. The Department regularly provides the relevant supervisory authorities with the information on new ML/FT methods and techniques and the typology reports published by the FATF and EAG for further dissemination to financial institutions and DNFBPs.

Recommendation 30

29. In 2015 and in the first quarter of 2016, the Department arranged, jointly with the relevant licensing and registration authorities, over 70 training events (including over 14 international workshops and training courses).
30. Thirty events (workshops, round tables, training courses, discussions, etc.) were arranged and held with the use of the EAG videoconferencing system. Taking part in those events were the representatives of the FIU, Central Bank, Interior Ministry, National Security Service, State Customs Committee, State Tax Committee, Finance Ministry, Ministry of Justice, Ministry for Information Technologies and Communications, State Competition Committee, Securities Market Coordination Center and other government authorities engaged in the AML/CFT efforts.

Recommendation 32

31. In compliance with the powers vested in them the RU ministries and government agencies engaged in the AML/CFT efforts maintain statistics on investigations, convictions, inspections and sanctions (see Annex 3).
32. In 2013-2015, the Uzbek competent authorities conducted 989 on-site and 12 off-site inspections of entities engaged in transactions with funds or other assets. Following these inspections, 12 written warnings and 102 orders to eliminate the revealed breaches were issued. In 75 cases, fines amounting in total to 1.6mln soums were imposed. In another 17 cases, prohibition to carry out certain types of activities was imposed. Besides that, 9 licenses were revoked.
33. Pursuant to RU Law No.ZRU-405 of 25.04.2016 FT offence is criminalized under separate Article 155³ (Financing of Terrorism) of the Criminal Code, and the relevant statistics is maintained.

Special Recommendation II

34. Pursuant to RU Law No.ZRU-405 of 25.04.2016 on Amendments and Modifications to Certain Legislative Acts of the Republic of Uzbekistan FT offence is criminalized under separate Article 155³ (Financing of Terrorism) of the Criminal Code. According to this Article financing of terrorism is punishable by imprisonment for 8 up to 15 years. (Besides that, if the committed FT offence entailed grave consequences and was related to a specific terrorist act, a guilty person is also held liable under Article 155 (Terrorism) of the Criminal Code which provides for imprisonment for a minimum terms of 8 years up to life imprisonment).
35. For criminalizing activities of foreign terrorist fighters as required by UNSCRs 2178 and 2253 the aforementioned law:
- Introduced new provisions into Article 155² of the Criminal Code according to which travel abroad or across the territory of Uzbekistan for participation in terrorist activities is punishable by imprisonment for up to 7 years, and recruitment of individuals for travelling aboard or across the territory of Uzbekistan for participation in terrorist activities and undergoing training for participation in terrorist activities is punishable by imprisonment for 8 up to 10 years;

- Established liability under Article 155³ of the Criminal Code for financing travel abroad or across the territory of Uzbekistan for participation in terrorist activities;
- Extended the definition of a “terrorist” by including activities of foreign terrorist fighters in the RU Law on Combating Terrorism.

Special Recommendation VIII

36. RU Law No.ZRU-405 of 25.04.2016 on Amendments and Modifications to Certain Legislative Acts of the Republic of Uzbekistan amended the Law on Non-Government Non-Profit Organizations. Pursuant to the introduced amendments NPOs are obliged to:
 - Provide access to information regarding use/ disposal of their assets and funds, *inter alia*, to information about funding sources;
 - Inform the registration authority about business trips of the representatives of a non-government non-profit organization abroad;
 - Get approval of the registration authority for receipt of funds and assets from foreign countries, international and foreign organizations, foreign nationals and from other persons at their instruction;
 - Provide, in the established manner, reports on their activities to the registration authority and to the local offices of the State Tax Committee and the State Statistics Committee.
37. Furthermore, the introduced amendments prohibited branches and representative offices of international non-government non-profit organizations, which head offices are located outside Uzbekistan, and also foreign non-government non-profit organizations and their staff from participating, in the territory of Uzbekistan, in any political activities and any other activities that are not in line with their statutory goals and objectives.
38. Besides that, RU Law No.ZRU-405 of 25.04.2016 on Amendments and Modifications to Certain Legislative Acts of the Republic of Uzbekistan introduced amendments into the Law on Public Foundations which:
 - Enhanced the mechanisms of registration and keeping the register of public foundations, branches and representative offices of international foundations, which head offices are located outside Uzbekistan, and foreign foundations (all of them must be registered with the Ministry of Justice);
 - Imposed the mandatory obligation to provide information on founders of foundations and on real estate property and funds owned by foundations;
 - Imposed the obligation to re-register a foundation in case of modification of its charter;
 - Obligated branches and representative offices of international foundations, which head offices are located outside Uzbekistan, and foreign foundations to declare sources of funding of their activities;
 - Prohibited foundations from holding interest in the authorized fund (authorized capital) of commercial entities, except for acquisition of shares of joint stock companies subject to the following restrictions – not more than 20% of the authorized capital of a joint stock company and not more than 20% of the book value of assets of a foundation.
39. The aforementioned law also amended Article 8 of the RU Law on Bank Secrecy. Pursuant to these amendments the RU Ministry of Justice is empowered to obtain information on non-government non-profit organizations that constitutes bank secrecy if such information is necessary for discharging its functions related to monitoring their compliance with the applicable legislation. Besides that, the Ministry of Justice was designated as the government agency responsible for granting approval for receipt by

NPOs of funds and other assets from foreign countries, international and foreign organizations, foreign nationals and from other persons at their instruction.

40. Thus, the powers and capabilities of the Ministry of Justice (which is in charge of registration and monitoring activities of NPOs) were substantially extended with regard to scrutinizing NPOs funding sources, monitoring expenditure of funds by NPOs for the declared purposes and obtaining information on founders of NPOs.

41. Besides that, RU Law No.ZRU-405 of 25.04.2016 amended Article 239 the Administrative Liability Code of the Republic of Uzbekistan as follows:

Paragraph 2 was amended for imposing liability on branches and representative offices of international non-government non-profit organizations, which head offices are located outside Uzbekistan, and on foreign non-government non-profit organizations and their staff for participation, in the territory of Uzbekistan, in any political activities and any other activities that are not in line with their statutory goals and objectives and also for funding campaigns and public events arranged by political parties and mass movements and for initiating and supporting creation of such organizations;

New paragraph 5 was introduced which imposed liability on non-government non-profit organizations for receipt, without approval of the registration authority, funds and assets from foreign countries, international and foreign organizations, foreign nationals and from other persons at their instruction, which is punishable by fine in amount of 15 up to 30 minimum wages.

Special Recommendation IX

42. RU Law No.ZRU-400 of January 20, 2016 adopted the new version of the Customs Code of the Republic of Uzbekistan which came into force on 22.04.2016.

43. Chapter 47 of the Customs Code imposed the obligation to declare all types of goods and transport vehicles, including foreign currency cash and foreign exchange assets, when they are moved across the customs border of the Republic of Uzbekistan.

44. Chapter 34 stipulates that control over importation and exportation of the national and foreign currency cash is exercised by the customs authorities when individuals cross the customs border. In case of importation and exportation of the national and foreign currency cash, the following is subject to inspection:

- Compliance with the threshold amounts of cash that can be imported and exported;
- Availability of approval of the Central Bank or the designated banks of the Republic of Uzbekistan for importation and exportation of the national and foreign currency cash in amount exceeding the established threshold;
- Whether the amount of cash actually carried by an individual matches the amount indicated in the customs declaration.

45. Upon detection of offences related to illegal importation and exportation of the national and foreign currency cash, the customs authorities seize illegally imported and exported national or foreign currency cash, conduct inquiry and institute administrative or criminal proceedings.

46. Article 242 of the Customs Code obliges the customs authorities to provide information on illegal importation and exportation of the national and foreign currency cash to the Department (FIU).

According to the joint Regulation on Provision of Information of 29.01.2010 signed by the State Customs Committee and the Department the State Customs Committee files electronically, on a

weekly basis, with the Department information from its database, including information of cross-border movement of currency, information on export and import operations and identification data of individuals concerned.

REPUBLIC OF UZBEKISTAN
The Fifth Follow-up Report Table

I. Actions taken with regard to the Core Recommendations (Recommendation 10)

<i>Recommendation</i>	<i>Rating</i>	<i>Summary of factors underlying the compliance rating</i>	<i>Description of actions taken to remedy deficiencies since adoption of the Mutual Evaluation Report since June 2010 through May 2016 (to be completed by the EAG member state)</i>
10. Record Keeping	PC	1. There is no requirement for maintaining information in scope sufficient for its use as evidence in criminal or civil proceedings (does not apply to credit institutions).	<p>All Internal Control Rules were amended to include the mandatory requirement to retain data related to transactions with funds, customer identification and due diligence data, including business correspondence, in scope sufficient for reconstructing all details of transactions, for a time period established by the applicable legislation, but not less than five years after the completion of transactions or termination of the relationships with customers.</p> <p>Besides that, pursuant to the amendments introduced into the Internal Control Rules in order to restrict access to all documents (correspondence sent to/ received from the Center and Department, including paper and electronic copies of reports, paper and electronic customer files, registers, etc.) used by a controller for discharging his functions, such documents, along with the their list, shall be stored in a specially equipped room or in a fireproof sealed safe/cabinet.</p> <p>Electronic versions of documents shall be archived with the use of the relevant software, be recorded on electronic media and be stored, along with their list, by a controller in a fireproof sealed safe/cabinet.</p>
		2. A 3-years retention period is set by certain laws and regulations, which is inconsistent with the AML/CFT Law.	<p>Pursuant to the requirements set forth in Article 21 of the RU Law Combating Legalization of Proceeds Obtained through Crime and Financing of Terrorism entities engaged in transactions with funds or other assets are obliged to retain information on transactions with funds or other assets as well as customer identification and customer due diligence data for a time period established by the applicable legislation, but not less than five years after the completion of transactions or termination of the relationships with customers.</p> <p>Besides that, Articles 38 and 41 of the Tax Code of the Republic of Uzbekistan stipulate that primary documents, accounting records and other documents used as the basis for determining taxable items and items related to taxation, as well as for calculating amount of payable taxes and other mandatory payments, shall be retained for the duration of the statute of limitation on tax liabilities, which is 5 years.</p> <p>RU Law No.ZRU-352 of 30.04.2013 obliges audit firms to retain audit reports for at least 5 year.</p> <p>Pursuant to Article 16 of the Law on Regulations, in the event of any discrepancy between regulations</p>

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			<p>that have equal legal force, the earlier adopted regulations shall prevail. Consequently, in practice, entities must ensure that documents are retained for at least 5 years, and not 3 years as specified in the Law on Accounting. Uzbekistan ensured compliance with the FATF Recommendation 10 by meeting the core criteria.</p> <p>According to Order No.1915-3 on Amendments to the Annex to the Regulation on Recording and Maintaining Records of Transactions and Deals in the Securities Market by Professional Securities Market Participants issued by the General Director of Securities Market Coordination and Development Center under the RU State Competition Committee on December 19, 2014 professional securities market participants are obliged to retain records of transactions carried out by them in the securities market for at least 5 years.</p> <p>Besides that, amendments were introduced into the Instruction on Application of Commercial Bank Documentation Retention Period Lists which was registered by the RU Ministry of Justice on June 26, 2000, Reg. No.951. Pursuant to these amendments a 3-years period of retention of certain documents was extended to 5 years.</p> <p><u>RU Law No.ZRU-404 of 13.04.2016 adopted the new version of the Law on Accounting. According to Article 29 of this revised Law documents shall be retained for at least five years.</u></p> <p>Given the above, Uzbekistan has fully eliminated the remaining deficiencies in the implementation of Recommendation 10.</p>

Actions taken with regard to the Key Recommendations (Special Recommendations I and III)

<i>Recommendation</i>	<i>Rating</i>	<i>Summary of factors underlying the compliance rating</i>	<i>Description of actions taken to remedy deficiencies since adoption of the Mutual Evaluation Report since June 2010 through May 2016 (to be completed by the EAG member state)</i>
SR.I Implementation of UN Instruments	PC	1. Requirements of Article 2 (1) (a) of the International Convention for the Suppression of the Financing of Terrorism as regards criminalization of theft of nuclear materials and unlawful acts against the safety of fixed platforms located on the continental shelf are not provided for.	<p>RU Law No.ZRU-405 of 25.04.2016 on Amendments and Modifications to Certain Legislative Acts of the Republic of Uzbekistan amended Article 246 (Smuggling), Article 252 (Illegal Possession of Radioactive Materials) and Article 254 (Illegal Handling of Radioactive Materials) of the Criminal Code of the Republic of Uzbekistan. Besides that, the new term “radioactive materials” was introduced into the Criminal Code.</p> <p>The aforementioned amendments implemented the requirements set forth in the Convention on the Physical Protection of Nuclear Material.</p> <p>In particular, the new single term “radioactive materials” was introduced. This term covers sources of ionizing radiation, radioactive substances or nuclear materials in any physical state in an installation or product or in any other form.</p> <p>The amended Article 252 of the Criminal Code reads of follows:</p> <p>“Illegal possession of radioactive materials obtained, <i>inter alia</i>, through robbery, theft, misappropriation or embezzlement, or through deception or abuse of trust as well as financing, direct or indirect provision or collection of any funds, resources and provision of other services for taking illegal possession of radioactive materials –</p> <p>are punishable by detention under arrest for up to six months, or by restriction of liberty for two up to five years or by imprisonment for up to five years.</p> <p>The same actions committed:</p> <p>a) repeatedly or by a dangerous repeat offender (recidivist);</p> <p>b) by a group of individuals acting upon prior conspiracy;</p> <p>c) by abusing official position, –</p> <p>are punishable by imprisonment for five to ten years.</p> <p>The same actions committed:</p> <p>a) by an organized group or in its interest;</p> <p>b) by an exceptionally dangerous repeat offender (recidivist);</p> <p>c) by way of extortion;</p> <p>d) by way of armed assault;</p> <p>e) for committing the criminal offences covered by Article 155</p>

			<p>(Terrorism) and Article 161 (Sabotage) of the Criminal Code, – are punishable by imprisonment for ten up to twenty years.</p> <p>Now, Article 254 of the Criminal Code also covers actions involving “alteration and dispersal” of radioactive materials, and Article 246 of the Criminal Code also covers illegal movement of radioactive materials.</p> <p>Thus, the unlawful actions covered by the Convention on the Physical Protection of Nuclear Material are criminalized.</p> <p>The aforementioned law also introduced amendments into Article 2 of the RU Law on Combating Terrorism. According to these amendments the concept of “terrorist act” covers unlawful acts committed against fixed platforms located on the continental shelf.</p> <p>Inclusion of unlawful acts against fixed platforms located on the continental shelf in the definition of a “terrorist act”, along with the provisions of the Criminal Code that impose liability for terrorism, provides the legal framework for criminalization of such unlawful acts.</p> <p>By introducing the aforementioned amendments and modifications, the Republic of Uzbekistan, in general, eliminated this deficiency.</p>
		2. Lack of sufficient information on measures undertaken to comply with UN Security Council Resolutions 1267 (1999), 1333 (2000), 1363 (2001), 1390 (2002), 1455 (2003) and 1526 (2004).	Information on measures taken for implementation of the relevant Resolutions of the UN Security Council is provided below under Special Recommendation III.
SR.III Freezing and Confiscation of Terrorist Assets	PC	<p>1. The current regime for suspension of transactions and application of criminal-procedural mechanisms in respect to individuals listed as terrorists raises questions as to the effectiveness of the implementation of Resolutions 1267 and 1373.</p> <p>2. There are no necessary mechanisms for reviewing and utilizing the information received from foreign countries in respect of entities subject to freezing measures.</p>	<p>RU Law No.ZRU-405 of 25.04.2016 on Amendments and Modifications to Certain Legislative Acts of the Republic of Uzbekistan introduced the relevant amendments into the basic Law of the Republic of Uzbekistan on Combating Legalization of Proceeds Obtained through Crime and Financing of Terrorism (hereinafter the basic AML/CFT Law).</p> <p>In particular, the following new terms and definitions were introduced in the basic AML/CFT Law:</p> <p><i>Freezing of funds or other assets</i> – prohibition of transfer, conversion, disposal or movement of funds or other assets;</p> <p><i>Suspension of a transaction</i> – suspension of execution of customer’s instructions regarding transfer, conversion, assigning for possession or use by other persons of funds or other assets as well as suspension of other legally valid actions.</p> <p>The amended Article 15 of the basic AML/CFT Law obliges entities engaged in transactions with funds or other assets to:</p> <p><i>Check parties to a transaction against the list of persons involved or suspected of being involved in terrorist activities or in proliferation of weapons of mass destruction;</i></p>

		<p>3. Uzbekistan has no procedures for processing/considering de-listing requests.</p> <p>4. Uzbekistan has no mechanisms authorizing access to a portion of funds necessary for basic expenses, as required by the UN Security Council Resolutions 1452.</p>	<p><u>Suspend, without delay and prior notice, a transaction, except for transactions related to crediting incoming funds to corporate or individual bank accounts, and (or) freeze funds or assets of legal entities/individuals included in the list of persons involved or suspected of being involved in terrorist activities or in proliferation of weapons of mass destruction, and also file a suspicious transaction report with the special designated government agency.</u></p> <p>Besides that, the aforementioned law introduced amendments into the Law on Combating Terrorism. According to these amendments the Department for Combating Tax and Currency Crimes and Money Laundering under the RU General Prosecutor's Office (hereinafter the Department or the Uzbek FIU) is included in the list of counter-terrorism agencies and its main powers in this sphere are defined.</p> <p>In particular, the following new Article 14¹ is introduced into the Law on Combating Terrorism:</p> <p><i>"Article 14¹. Powers of the Department for Combating Tax and Currency Crimes and Money Laundering under the General Prosecutor's Office of the Republic of Uzbekistan in the Counter-Terrorism Sphere</i></p> <p><i>The Department for Combating Tax and Currency Crimes and Money Laundering under the General Prosecutor's Office of the Republic of Uzbekistan:</i></p> <p><i>Monitors transactions with funds or other assets for detecting and disrupting terrorist financing;</i></p> <p><i>Makes decision to suspend transactions with funds and other assets in the situations and in a manner specified in the legislation;</i></p> <p><i>Exercises other powers in compliance with the legislation".</i></p> <p>According to Resolution No.272 adopted by the RU Cabinet of Ministers on 12.10.2009 the lists of persons linked to terrorist activities are compiled and maintained by the Department based on the information provided by the Foreign Ministry, General Prosecutor's Office, National Security Service, Interior Ministry, State Customs Committee and other government authorities. The relevant information shall be provided within two business days after such information is received or revealed. Upon receipt of the information, the Department includes the relevant legal entity/individual into the list and disseminates it to entities engaged in transactions with funds or other assets.</p> <p>Given the above, Uzbekistan, in general, has the mechanisms for reviewing and utilizing the information received from foreign countries in respect of entities subject to freezing measures.</p> <p>Amended Article 15 of the basic AML/CFT Law empowers the Department (the Uzbek FIU) to establish, in coordination with the agencies concerned, the</p>
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			procedure of granting access to frozen assets for individuals included in the list of persons involved or suspected of being involved in terrorist activities or in proliferation of weapons of mass destruction.
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II. Actions taken with regard to other Recommendations (Recommendations 15, 25, and 32 and Special Recommendations VIII and IX)

<i>Recommendation</i>		<i>Summary of factors underlying the compliance rating</i>	<i>Description of actions taken to remedy deficiencies since adoption of the Mutual Evaluation Report since June 2010 through May 2016 (to be completed by the EAG member state)</i>
15. Internal Control, Compliance and Audit	PC	1. There is no requirement to communicate internal control rules to employees of leasing companies and postal service operators.	Clause 30 of the Internal Control Rules for leasing companies and clause 20-1 of the Internal Control Rules for postal service operators and providers establish the requirement for bringing the contents of the rules to the attention of the employees of leasing companies and postal service operators and providers.
		2. There is no requirement to appoint AML/CFT compliance officer at the management level (does not apply to banks).	Pursuant to RU Law No.ZRU-345 of 29.12.2012 all microcredit organizations whose assets book value exceeds 1 billion soums shall establish the internal audit service responsible for monitoring and assessment of the operation of the microfinance organization's executive body and its branches through conducting inspections and monitoring their compliance with the applicable laws. Pursuant to paragraphs 18 and 24 of Regulation No.2379 of July 17, 2012 on Microcredit Organization Audit Procedure audits of microcredit organizations shall always include review and assessment of performance of their internal control systems. In accordance with the amendments introduced into paragraph 73 of the Internal Control Rules for non-bank credit institutions in March 2013, if a non-bank credit institution has the internal audit service, monitoring of performance of the internal control officer or service shall be carried out by the internal audit service.
		3. There is no requirement to have an independent AML/CFT audit system in financial institutions (does not apply to banks).	

Recommendation		Summary of factors underlying the compliance rating	Description of actions taken to remedy deficiencies since adoption of the Mutual Evaluation Report since June 2010 through May 2016 (to be completed by the EAG member state)
		4. There is no requirement for leasing companies and postal service operators to provide AML/CFT training for their personnel.	Clause 12 of the Internal Control Rules for leasing companies and amendments of July 2013 to clause 10 of the Internal Control Rules for postal service operators and providers introduced the obligation to provide AML/CFT training for their staff.
		5. No sufficient requirement for financial institutions (except for some positions in banks and professional securities market participants) to put in place screening procedures when hiring employees.	<p>Clause 7 of the Internal Control Rules for insurance companies and insurance intermediaries established the AML/CFT qualification requirements for the executive officers and personnel of insurance companies.</p> <p>Clauses 11 (as amended in March 2013) and 12 of the Internal Control Rules for non-bank credit institutions established the AML/CT qualification requirements the executive officers and personnel of microcredit organizations and pawnshops.</p> <p>Clause 12 of the Internal Control Rules for leasing companies established the AML/CT qualification requirements for their executive officers and personnel.</p>
		6. The effectiveness of internal control measures cannot be assessed since they were just recently implemented.	<p>At present, internal control systems are implemented in all entities engaged in transactions with funds or other assets.</p> <p>The effectiveness of the internal control measures is evidenced by the growing number of reports filed with the FIU and also by implementation of CDD measures as well as by retention of the necessary transaction data and their timely submission upon the FIU requests.</p> <p>The relevant supervisory, regulatory and registration authorities monitor compliance with the Internal Control Rules.</p> <p>See above for information on the results of the AML/CFT monitoring and oversight.</p>
25. Guidelines & Feedback	PC	1. No guidelines or recommendations describing ML/FT methods and techniques have been issued for institutions engaged in transactions with funds or other assets.	<p>The Department regularly provides the relevant supervisory and oversight authorities with the research and analytical information on the latest ML/FT methods and techniques.</p> <p>The ML/FT typology reports posted on the websites of the FATF, Egmont Group, EAG, MONEYVAL and other FSRBs are regularly provided to the law enforcement and supervisory agencies for use in their work and possible practical application by the competent authorities and are also disseminated to</p>
		2. Insufficient information on results of financial investigations conducted by the FIU is available to financial institutions.	

<i>Recommendation</i>		<i>Summary of factors underlying the compliance rating</i>	<i>Description of actions taken to remedy deficiencies since adoption of the Mutual Evaluation Report since June 2010 through May 2016 (to be completed by the EAG member state)</i>
		<p>3. Detailed guidelines for the private sector which would facilitate a more effective performance of obligations by financial institutions, including description on new ML/FT trends and typologies, have not been issued.</p>	<p>entities engaged in transactions with funds or other assets.</p> <p>In the reporting period, the Department circulated the relevant information letters among the supervisory and oversight authorities with details of typical mistakes and failures of financial institutions and DNFBPs.</p> <p>For example, based on the results of analysis of the reports received in 2014 the Department provided the RU Central Bank with information on the revealed drawbacks related to drawing up and filing reports with the Department by commercial banks.</p> <p>After this information was discussed at the extended meeting of the Central Bank (attended also by the representatives of all commercial banks and the Department) held on April 9, 2015, financial institutions were instructed to impose sanctions against their staff who neglected their duties and to develop action plans for preventing recurrence of such breaches in future.</p> <p>Besides that, in October 2014, the Department provided the Ministry of Justice, Ministry of Finance and State Competition Committee with information of the deficiencies revealed in course of monitoring compliance with the reporting procedures by notary offices, law firms, audit firms, lottery operators and real estate companies and agents.</p> <p>Based on the analysis of this information the Ministry of Justice, Ministry of Finance and State Competition Committee arranged, jointly with the Department, the training workshops in all regions of Uzbekistan.</p> <p>During training sessions organized for compliance officers (over 80 sessions were arranged in the reporting period), representatives of the Department also explain to them their responsibilities and provide information on the best practices in the implementation and application of the AML/CFT law.</p> <p>The consultative meeting “Risk Assessment and Role of Private Sector – Guidelines & Feedback” was held with the representatives of the private sector in the margins of the 22nd EAG Plenary Meeting (in May 2015 in Tashkent city). Taking part in this consultative meeting were the representatives of the FIU, supervisory agencies and private sector of Uzbekistan.</p> <p>Pursuan to the Instruction of the Central Bank of 28.04.2015 the special Working Group was established for developing proposals for improvement of the legislative acts governing operation of commercial banks in compliance with the international AML/CFT standards. The Working Group is tasked with</p>

<i>Recommendation</i>		<i>Summary of factors underlying the compliance rating</i>	<i>Description of actions taken to remedy deficiencies since adoption of the Mutual Evaluation Report since June 2010 through May 2016 (to be completed by the EAG member state)</i>
			<p>reviewing the international experience, developing proposals for implementation of the FATF Recommendations and drafting laws, regulations, standard internal documents and AML/CFT legislation compliance methodological guidelines for commercial banks.</p> <p>Based on the analysis of enforcement practice and the international experience the Department developed the standard Guidance on compliance with the AML/CFT legislation and on application of risk-based approach for implementing the requirements set forth in Recommendation 25. In November 2015, this Guidance was provided to the relevant supervisory, licensing and registration authorities for further dissemination to the supervised entities.</p>
32. Statistics	PC	1. No statistics available regarding the amount of property frozen under the UN Security Council Resolutions.	In practice, the Uzbek financial and non-financial institution identified no transactions with assets of persons included in the sanction lists pursuant to the UN Security Council Resolutions. Therefore, no freezing measures were taken.
		2. No separate statistics are maintained regarding the offence described in Article 155 "Terrorist Financing".	<p>The relevant analytical units of the General prosecutor's Office, Interior Ministry and National Security Service maintain statistics regarding FT offences and provide these statistical data to the Department under the General Prosecutor's Office.</p> <p>Pursuant to RU Law No.ZRU-405 of 25.04.2016 FT offence is criminalized under separate Article 1553 (Financing of Terrorism) of the Criminal Code, and the relevant statistics are maintained.</p>
		3. No statistics available regarding inspections conducted and sanctions applied by the supervisory authorities (does not apply to the Central Bank)	In 2013-2015, the Uzbek competent authorities conducted 989 on-site and 12 off-site inspections of entities engaged in transactions with funds or other assets. Following these inspections, 12 written warnings and 102 orders to eliminate the revealed breaches were issued. In 75 cases, fines amounting in total to 1.6mln soums were imposed. In another 17 cases, prohibition to carry out certain types of activities was imposed. Besides that, 9 licenses were revoked.
SR.VIII Non-Profit	PC	1. No reviews of the NPO legislation for the AML/CFT purposes are carried out.	According to the RU Law on Non-Government Non-Profit Organizations the Ministry of Justice of the Republic of Uzbekistan monitors compliance of

Recommendation		Summary of factors underlying the compliance rating	Description of actions taken to remedy deficiencies since adoption of the Mutual Evaluation Report since June 2010 through May 2016 (to be completed by the EAG member state)
Organizations		2. No periodic review of the NPO sector to identify FT risk was conducted, and no review of AML/CFT outreach events was performed.	<p>NPOs with their statutory objectives and the RU legislation, <i>inter alia</i>, with the AML/CFT law and regulations.</p> <p>Pursuant to the 2014 Action Plan of the Interagency Working Committee tasked with reviewing and implementing the new FATF Recommendations the Ministry of Justice reviewed the existing laws and regulations governing the activities of NPOs and their consistency with the FATF Recommendations. Based on the results of this review the law on amendments and modifications to the Law on Bank Secrecy and Law on Non-Government Non-Profit Organizations and to the Administrative Liability Code was drafted. Currently, this draft law is submitted to the relevant ministries and agencies for review and approval.</p> <p>RU Law No.ZRU-405 of 25.04.2016 on Amendments and Modifications to Certain Legislative Acts of the Republic of Uzbekistan amended the Law on Non-Government Non-Profit Organizations. Pursuant to the introduced amendments NPOs are obliged to:</p> <ul style="list-style-type: none"> • Provide access to information regarding use/ disposal of their assets and funds, <i>inter alia</i>, to information about funding sources; • Inform the registration authority about business trips of the representatives of a non-government non-profit organization abroad; • Get approval of the registration authority for receipt of funds and assets from foreign countries, international and foreign organizations, foreign nationals and from other persons at their instruction; • Provide, in the established manner, reports on their activities to the registration authority and to the local offices of the State Tax Committee and the State Statistics Committee. <p>Furthermore, the introduced amendments prohibited branches and representative offices of international non-government non-profit organizations, which head offices are located outside Uzbekistan, and also foreign non-government non-profit organizations and their staff from participating, in the territory of Uzbekistan, in any political activities and any other activities that are inconsistent with their statutory goals and objectives.</p> <p>Besides that, RU Law No.ZRU-405 of 25.04.2016 on Amendments and Modifications to Certain Legislative Acts of the Republic of Uzbekistan introduced amendments into the Law on Public Foundations which:</p>
		3. No special mechanisms are in place for exchanging information on NPOs at the international level in case ML/FT suspicions arise.	

<i>Recommendation</i>		<i>Summary of factors underlying the compliance rating</i>	<i>Description of actions taken to remedy deficiencies since adoption of the Mutual Evaluation Report since June 2010 through May 2016 (to be completed by the EAG member state)</i>
			<ul style="list-style-type: none"> •Enhanced the mechanisms of registration and keeping the register of public foundations, branches and representative offices of international foundations, which head offices are located outside Uzbekistan, and foreign foundations (all of them must be registered with the Ministry of Justice); •Imposed the mandatory obligation to provide information on founders of foundations and on real estate property and funds owned by foundations; •Imposed the obligation to re-register a foundation in case of modification of its charter; •Obliged branches and representative offices of international foundations, which head offices are located outside Uzbekistan, and foreign foundations to declare sources of funding of their activities; •Prohibited foundations from holding interest in the authorized fund (authorized capital) of commercial entities, except for acquisition of shares of joint stock companies subject to the following restrictions – not more than 20% of the authorized capital of a joint stock company and not more than 20% of the book value of assets of a foundation. <p>The aforementioned law also amended Article 8 of the RU Law on Bank Secrecy. Pursuant to these amendments the RU Ministry of Justice is empowered to obtain information on non-government non-profit organizations that constitutes bank secrecy if such information is necessary for discharging its functions related to monitoring their compliance with the applicable legislation. Besides that, the Ministry of Justice was designated as the government agency responsible for granting approval for receipt by NPOs of funds and other assets from foreign countries, international and foreign organizations, foreign nationals and from other persons at their instruction.</p> <p>Thus, the powers and capabilities of the Ministry of Justice (which is in charge of registration and monitoring activities of NPOs) were substantially extended with regard to scrutinizing NPOs funding sources, monitoring expenditure of funds by NPOs for the declared purposes and obtaining information on founders of NPOs.</p> <p>Besides that, RU Law No.ZRU-405 of 25.04.2016 amended Article 239 the Administrative Liability Code of the Republic of Uzbekistan as follows: Paragraph 2 was amended for imposing liability on branches and</p>

<i>Recommendation</i>		<i>Summary of factors underlying the compliance rating</i>	<i>Description of actions taken to remedy deficiencies since adoption of the Mutual Evaluation Report since June 2010 through May 2016 (to be completed by the EAG member state)</i>
			<p>representative offices of international non-government non-profit organizations, which head offices are located outside Uzbekistan, and on foreign non-government non-profit organizations and their staff for participation, in the territory of Uzbekistan, in any political activities and any other activities that are not in line with their statutory goals and objectives and also for funding campaigns and public events arranged by political parties and mass movements and for initiating and supporting creation of such organizations;</p> <p>New paragraph 5 was introduced which imposed liability on non-government non-profit organizations for receipt, without approval of the registration authority, of funds and assets from foreign countries, international and foreign organizations, foreign nationals and from other persons at their instruction, which is punishable by fine in amount of 15 up to 30 minimum wages.</p> <p>Besides that, pursuant to the aforementioned Action Plan the Ministry of Justice reviewed the international experience pertaining to AML/CFT regulation of NPOs activities and held over 350 outreach and awareness raising events, which covered, amoth other things, AML/CFT issues.</p> <p>Pursuant to Resolution No.251 on Measures for Enhancing Mechanisms of Approval and Monitoring of Implementation of Investment Projects and Accounting for and Control of Humanitarian and Technical Assistance adopted by the RU Cabinet of Ministers on November 15, 2005 the procedure of review and approval of project proposals and monitoring of proper use of technical assistance provided by donor countries and international and foreign government and non-government organizations was established.</p> <p>Funds provided as grants to recipients in the Republic of Uzbekistan are credited only to special accounts opened with the National Bank for Foreign Economic Activities and with ASAKA government-owned commercial bank, both of which have the internal control system as prescribed by the Internal Control Rules for commercial banks.</p> <p>Persons who misuse technical assistance and breach the established procedure of monitoring and overseeing proper use of technical assistance are held liable under the applicable legislation.</p> <p>In addition to that, the Department under the General Prosecutor's Office</p>

Recommendation		Summary of factors underlying the compliance rating	Description of actions taken to remedy deficiencies since adoption of the Mutual Evaluation Report since June 2010 through May 2016 (to be completed by the EAG member state)
			and the Ministry of Justice undertake coordinated efforts for auditing the activities of NPOs, using, <i>inter alia</i> , the information exchange capabilities of the Uzbek FIU which is the member of the Egmont Group.
SR.IX Cross-Border Declaration and Disclosure	PC	1. The Customs system as a whole is not used for AML/CFT-related purposes.	The customs authorities cooperate and interact with the Department and other law enforcement agencies under joint short and long-term organizational and tactical action plans.
		2. The customs authorities do not have powers to obtain information about the origin of funds/bearer instruments and their intended use.	The Counter-Smuggling Department of the State Customs Committee is the designated customs AML/CFT unit, and the relevant functions and duties are assigned to the officers of the Counter-Smuggling Department.
		3. The customs authorities do not have sufficient authority to freeze and seize any funds suspected to be involved in money laundering or terrorist financing.	Pursuant to the joint Regulation on Provision of Information of 29.01.2010 signed by the State Customs Committee and the Department the State Customs Committee files electronically, on a weekly basis, with the Department updated information from its database, including information of cross-border movement of currency, information on export and import operations and identification data of individuals concerned. Besides that, pursuant to Presidential Decree No PP-1914 on Further Deregulation of Sale of Foreign Currency to Individuals the procedure of sale of non-cash foreign currency via international payment cards was introduced on February 1, 2013. The introduced mechanism for selling non-cash foreign currency to the public helps to reduce the volume of cash moved across the border and to mitigate the risks associated with it. At the same time, commercial banks continue to monitor transactions carried out with the use of international payment cards and conduct CDD, as well as the full identification of the card holders. RU Law No.ZRU-400 of January 20, 2016 adopted the new version of the Customs Code of the Republic of Uzbekistan which came into force on 22.04.2016. Chapter 37 of the Customs Code imposed the obligation to declare all types of goods and transport vehicles, including foreign currency cash and foreign exchange assets, when they are moved across the customs border of the Republic of Uzbekistan. Chapter 34 stipulates that control over importation and exportation of the

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			<p>national and foreign currency cash is exercised by the customs authorities when individuals cross the customs border. In case of importation and exportation of the national and foreign currency cash, the following is subject to inspection:</p> <ul style="list-style-type: none"> • Compliance with the threshold amounts of cash that can be imported and exported; • Availability of approval of the Central Bank or the designated banks of the Republic of Uzbekistan for importation and exportation of the national and foreign currency cash in amount exceeding the established threshold; • Whether the amount of cash actually carried by an individual matches the amount indicated in the customs declaration. <p>Upon detection of offences related to illegal importation and exportation of the national and foreign currency cash, the customs authorities seize illegally imported and exported national or foreign currency cash, conduct inquiry and institute administrative or criminal proceedings.</p> <p>Article 242 of the Customs Code obliges the customs authorities to provide information on illegal importation and exportation of the national and foreign currency cash to the Department (FIU).</p> <p>Pursuant to the joint Regulation on Provision of Information of 29.01.2010 signed by the State Customs Committee and the Department the State Customs Committee files electronically, on a weekly basis, with the Department updated information from its database, including information of cross-border movement of currency, information on export and import operations and identification data of individuals concerned.</p>

YEAR	Number on STRs received by FIU		Number on CTRs received by FIU	Total number of reports received by FIU	Number of information transferred to law enforcement
	ML	TF			
2013	6 348	630	24 983	248 907	40
2014	5 780	634	65 522	474 342	36
2015	4 068	456	56 016	443 384	34

** Note: The Department for combating tax, currency crimes and legalization of criminal incomes under General Prosecutor's Office of the Republic of Uzbekistan is an independent law enforcement agency that is empowered to initiate criminal proceedings. In this regard, the figure includes criminal cases excited directly by the Department of Financial Monitoring of materials on the facts of money laundering and predicate offenses.*

Reporting entities	2013				2014				2015			
	STRs		STRs above designated threshold	Total number of reports	STRs		STRs above designated threshold	Total number of reports	STRs		STRs above designated threshold	Total number of reports
	ML	TF			ML	TF			ML	TF		
Commercial banks	5 705	629	24 835	248 647	5 699	631	65 303	472 220	4 013	456	55 840	442 762
Insurance companies			3	3							1	1
Currency exchange												
Professional securities market players	27	1	137	248	7		125	156	8		93	246
Notaries												
Lawyers												
Accountants/auditors												
Companies providing trust services												
Post service												
Exchange market					72	3	88	1 959	46		162	361
Organizations providing leasing and other financial services			4	5			3	3			9	11
Pawnshop								1				1
Persons providing services and taking part in transactions related to purchase and sale of real estate	2		4	4	2		3	3	1		2	2

Year	Investigations of law enforcement bodies				Legal proceedings								Confiscation and seizure of property			
	Initiated by law enforcement agencies on the basis of their own material		Initiated by law enforcement agencies on the basis of the FIU material		Cases examined in courts				Convictions				ML		TF	
	ML	TF	ML	TF	ML		TF		ML		TF					
					Cases	Persons	Cases	Persons	Cases	Persons	Cases	Persons	Cases	Sums	Cases	Sums
2013	41		2		43	115			43	115			39	189,5		
2014	32		0		32	70			29	65			26	72,7		
2015	34	1	0		8	13	1	1	6	9	1	1	6	36,5		

Information about requests and other measures			2013	2014	2015
MLA request	Sent		1/-	1/-	-/8
	Received		2/-	-/1	1/1
	Executed				
	Refused				
Extradition requests	Sent		16/11	5/4	6/14
	Received		-/-	-/-	-/-
	Executed				
	Refused				
Official requests for assistance through law enforcement	ML	Sent			
		Received			
	TF	Sent			

		Received			
FIU ↔ FIU requests	Sent/ Received		12	24	28
	Sent/ Received		68	50	84
Official requests for assistance sent or received by supervisory agencies	Sent				

Year	Freezing of assets pursuant to UNSCR 1267		
	Number of transactions frozen	Value of assets frozen	Number of individuals and organizations
2013			
2014			
2015	-	-	-

Reporting entities	2013										
	Number of inspections performed		Number of inspections having identified AML/CFT infringements	Measures taken							
	On-site	In office		Written warnings	Instructions to eliminate infringements identified	Fines		Management suspension (disqualification of management)	Ban on engagement in certain types of activities	Suspension of activity/ license	Revocation of license
						Number	Amounts				
Commercial banks	6		6		5	5	166				1
Insurance companies	-				-	-	-				
Currency exchange	-				-	-	-				
Professional participants of the securities market	1				1						
Notaries	65										
Lawyers	134										
Accountants/auditors											
Post service		4	4	4							
Exchange market								25 and 125			
Organizations providing leasing and other financial services											
Pawnshop	73		59		19	26	65		11		3
Persons providing services and taking part in transactions related to purchase and sale of real estate											

Reporting entities	2014										
	Number of inspections performed		Number of inspections having identified AML/CFT infringements	Measures taken							
	On-site	In office		Written warnings	Instructions to eliminate infringements identified	Fines		Management suspension (disqualification of management)	Ban on engagement in certain types of activities	Suspension of activity/ license	Revocation of license
						Number	Amounts				
Commercial banks	7		7			7	605	1			
Insurance companies						-	-				
Currency exchange						-	-				
Professional participants of the securities market	1				1						
Notaries	88										
Lawyers	139										
Accountants/auditors											
Post service		4	4	4							
Exchange market								67 and 332			
Organizations providing leasing and other financial services											
Pawnshop	72		35		35	16	53				
Persons providing services and taking part in transactions related to purchase and sale of real estate											

Reporting entities	2015										
	Number of inspections performed		Number of inspections having identified AML/CFT infringements	Measures taken							
	On-site	In office		Written warnings	Instructions to eliminate infringements identified	Fines		Management suspension (disqualification of management)	Ban on engagement in certain types of activities	Suspension of activity/ license	Revocation of license
Commercial banks	24		23		10	13	639,8				
Insurance companies	10					-	-				
Currency exchange	-				-	-	-				
Professional participants of the securities market	1										
Notaries	125										
Lawyers	156										
Accountants/auditors	15										
Post service		4	4	4	-	-	-				
Exchange market								12 and 49			
Organizations providing leasing and other financial services											
Pawnshop	71		54		35	8	41,4		6		5
Persons providing services and taking part in transactions related to purchase and sale of real estate	1				1						

Year	Financial investigations conducted by FIU		Revealed connection to ML/FT as a result of data provided by reporting entities		Revealed connection to ML/FT through other means (FIUs financial investigation, information of law enforcement bodies)		Information transferred to law enforcement agencies	
	ML	TF	ML	TF	ML	TF	ML	TF
2013	7	-	12	-	2	12	19	12
2014	6	-	14	-	3	22	16	20
2015	34	-	7	-	2	12	10	12