

First Regular Follow-Up Report on 5th round assessment of Armenian's AML/CFT framework adopted

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First Regular Follow-Up Report on measures taken to address the shortcomings identified by the 5th round assessment of Armenian's anti-money laundering and counter terrorism financing (hereinafter: AML/CFT) system conducted by the MONEYVAL committee in 2015 in accordance with the FATF 2013 Methodology.

The Follow-up Report ascertains significant progress made by Armenia in relation to FATF Recommendations 1 (Assessing risks & applying the risk-based approach), 7 (Targeted financial sanctions related to proliferation) and 8 (Non-profit organizations). In particular:

In relation to FATF Recommendation 1: The revised methodology for Armenia's ML/TF national risk assessment has been approved by the Standing Committee on Combating Money Laundering, Terrorism Financing and Proliferation Financing in the Republic of Armenia (hereinafter: the Interagency Committee), based on which stakeholder authorities have updated the NRA in a number of sectors, including ML threats and trends, latent criminality, cross-border flows, shadow economy and corruption, as well as the risk of commercial and non-profit organizations' misuse for ML/TF purposes.

In relation to FATF Recommendation 7: "Amendments and supplements to the Republic of Armenia Law on Anti-Money Laundering and Countering Terrorist Financing" have been developed and adopted by the National Assembly on 1 March, 2018, which stipulate, inter alia, the obligation of applying targeted financial sanctions related to proliferation financing.

In relation to FATF Recommendation 8: Assessment of misuse of non-profit organizations' for TF purposes has been conducted with reference to the legislative framework governing their operation as well as the possible interaction with the countries characterized as high risk in terms of FT.

Overall, Armenia has made good progress in addressing the technical compliance deficiencies identified in its 5th round MER of 2015 and has been re-rated on 2 out of 5

recommendations (Recommendations 1 and 7) which were rated PC in the MER. One other recommendation (Recommendation 8) was re-rated from LC to C.