GLOBAL ORGANISATION OF 156 FINANCIAL INTELLIGENCE UNITS
Combating Money Laundering and Terrorist Financing

ANNUAL REPORT
2016 / 2017
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**THE EGMONT GROUP SECRETARIAT**

Tel: + 1-416-355-5670  
Fax: + 1-416-929-0619  
E-mail: mail@egmontsecretariat.org  
Website: www.egmontgroup.org

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Table of Contents

Remarks by the Outgoing Chair of the Egmont Group  (September 2015 – July 2017) ............................................... 5
Remarks by the Incoming Chair of the Egmont Group  (July 2017 - Present) ................................................................. 6
Remarks by the Executive Secretary of the Egmont Group  (September 2016 – Present) ................................................... 7
The Egmont Group Achievements 2016-2017 at a Glance ................................................................. 8

Acknowledgements .......................................................................................................................................................... 10
Host FIUs ......................................................................................................................................................................... 10
Donors and Contributions ......................................................................................................................................... 10

Chapter I – The Egmont Group of Financial Intelligence Units ................................................................................. 11
Structure ........................................................................................................................................................................ 13
Mandates ......................................................................................................................................................................... 13
High Operational Focus ................................................................................................................................................ 14
Organisational Growth and Global Outreach ........................................................................................................... 15
Outreach and Regional Work ....................................................................................................................................... 16

Chapter II – Egmont Centre of FIU Excellence and Leadership (ECOFEL) ................................................................. 18

Chapter III – Operational Outcomes ............................................................................................................................ 20
Operations in Numbers .................................................................................................................................................. 21
Spotlight on Terrorist Financing ................................................................................................................................ 22
Important Operational Outcomes ................................................................................................................................ 24

Chapter IV – Egmont Working Group and Regional Group Developments ................................................................. 26
Working Group Developments ....................................................................................................................................... 27
Information Exchange Working Group (IEWG). ........................................................................................................ 27
Membership, Support, and Compliance Working Group (MSCWG) ........................................................................ 28
Policy and Procedures Working Group (PPWG). ........................................................................................................ 28
Technical Assistance and Training Working Group (TATWG) .................................................................................. 29
Regional Group Developments ................................................................................................................................... 30
Americas Regional Group ............................................................................................................................................. 31
Asia and Pacific Regional Group .................................................................................................................................. 32
East and Southern Africa Regional Group .................................................................................................................. 34
Eurasia Regional Group .................................................................................................................................................. 36
Europe I Regional Group ................................................................................................................................................ 38
Europe II Regional Group ............................................................................................................................................. 40
Middle East and Northern Africa Regional Group ..................................................................................................... 42
After two years of assuming the responsibility of Chair of the Egmont Group, a technical and global organisation of FIUs that exists without any political interference, I want to first thank all of the HoFIU, the Regional Groups, and the Working Groups for their collaboration, full support, and engagement with our organisation and its goals and objectives. Without your commitment, our progress and achievements in the fight against money laundering and terrorism financing (ML/TF) would not have been possible.

We know that different regulatory frameworks, cultures, distances, and the daily tasks of our members could be obstacles for our coordination, cooperation, and information exchange processes, but in the Egmont Group this does not happen. The Egmont Group has expanded to become a global network of FIUs and an important leader of the global system against ML, predicate offences, TF, financing of proliferation of weapons of mass destruction, and related crimes.

It has been two long, challenging, and gratifying years, where we have achieved:

» The Implementation of the Egmont Centre of FIU Excellence and Leadersh_Ip. The Government of the United Kingdom, through its Department for International Development, contributed to the creation of the ECOFEL, which has the purpose of identifying the needs of expertise, implementing assistance techniques, and training to strengthen the FIUs.

» Phase II of the ISIL Project concluded. This study analysed the different ways financing of terrorism is conducted around the world, making important recommendations for its mitigation. With this information, the FIUs can quickly and effectively confront the related challenges. One of the most important recommendations is to encourage the exchange of information between FIUs and domestic intelligence agencies (security services), as well as enhancing both spontaneous and multilateral TF information sharing between FIUs.

It is important to highlight that the financing of terrorism is currently a global problem that does not respect borders or nationalities. It is enough to remember the attack that took place at the airport of Ataturk of Istanbul (Turkey) in June 2016 that unfortunately generated the reprogramming of the 24th Egmont Group Plenary. This is why it is crucial that all Egmont Group member FIUs work together to achieve greater peace and security.

» Coordination with the Financial Action Task Force (FATF). During the last two years the coordination between the Egmont Group and the FATF has strengthened. This synergy is reflected in the coordination carried out for the development and implementation of the international AML/CFT standards that directly involve FIUs and their relationship with reporting entities and law enforcement agencies (LEAs).

» Support to the Spanish-speaking FIUs. In this matter, I would like to express our gratitude to the Swiss-SECO Cooperation that allowed FIU-Peru to translate the e-learning module of the Operational Analysis Course. This document is available for all Spanish-speaking FIUs.

» Appointment of the new Executive Secretary of the Egmont Group. After a hard-fought selection process, Mr. Jerome Beaumont was appointed as the new Executive Secretary of the organisation. This selection guarantees the implementation of the strategic plan and our planned objectives.

All of these achievements could not have been obtained without the support and work of the Egmont Committee members and without the help and support of Dr. Michael Dewald, former Head of FIU, Germany and Egmont Committee Vice-Chair over the past two years. I would also like to thank both Sheikh Ahmed Al-Thani, Head of QFIU, Qatar for hosting the Egmont Group Meetings in from 28 January – 2 February 2017 and Mrs. Deborah Ng, Head of GIF, Macao, for hosting the 24th Egmont Group Plenary Meetings from 2-7 July 2017.

I would also like to again thank the HoFIU for giving me the privilege of being the Chair of the Egmont Group for the past two years. It has been a rich and rewarding experience and I encourage the Egmont Group to continue its efforts to be more focused on operational matters and more proactive with regard to information sharing.

Finally, I want to thank the whole teams of FIU-Peru and the EGS who accompanied me and have been my support in the challenge of being the Chair of the Egmont Group.

Mr. Sergio Espinosa
Head of FIU-Peru
Outgoing Chair of the Egmont Group of FIUs, 2015-2017
Since July 2017, the Heads of Financial Intelligence Units (HoFIU) have entrusted me with the responsibility of chairing the Egmont Group of Financial Intelligence Units (Egmont Group), bringing together 156 FIUs. I want to thank them here again for their trust in me. I feel privileged to serve the worldwide FIU community in this position to further our fight against money laundering and the financing of terrorism (ML/TF).

I also want to thank the Egmont Group’s outgoing Chair, Mr. Sergio Espinosa. Under his leadership, the Egmont Group has been able to achieve tangible results, to increase our membership base, and to further develop as an organisation.

I could only take up this position with full trust in the capacity and drive of the Executive Secretary and the staff of the Egmont Group Secretariat (EGS) who have proven to be able to support the work of the Egmont Group and, since July, me in my position as Chair, in an extraordinary way.

The Egmont Committee (EC) has a relatively new composition, since we have new Regional Representatives for the Americas Region, Asia and Pacific Region, East and Southern Africa Region, Europe I Region, Europe II Region, and the West and Central African Region. I am very happy that both Mr. Abdul Hafiz Mansour and Mr. Mariano Federici have agreed to be the Vice-Chairs of the EC for the next two years. I really look forward to work with these colleagues to further the work of the Egmont Group. The Chairs of the four Working Groups have all delivered exceptional projects that support FIUs, the Egmont Group, and its Observers and International Partner Organisations in becoming more effective.

The world around us is becoming an increasingly global community with new and easier ways to pay for goods and services. There is an evolution of threats posed by the expansion of criminal organisations and transnational terrorist groups. In the fight against ML/TF, the need to cooperate internationally is more important than ever before. FIUs have to cooperate on a global scale in their work and the Egmont Group offers the platform for FIUs to do this. Within the Egmont Group, we are facing the challenge to move more towards multilateral information sharing between FIUs.

The Egmont Group has to work on enhancing the capacities of FIUs across the globe. In doing so, we create the opportunity to establish FIUs that are bodies with skills, ambition, and leadership to cement a coordinated national response and be the national anchor for international cooperation in the field of anti-money laundering and counter terrorist financing (AML/CFT). The Egmont Centre of FIU-Excellence and Leadership (ECOFEL) which will start in March 2018 will help us to make a tremendous step forward. This Centre is focused on supporting the Egmont Group of FIUs on operational initiatives as well as policy initiatives, aiming at raising the level of professionalism of FIUs. ECOFEL will seek to engage with Egmont Group candidate FIUs as well as with external stakeholders in the AML/CFT field.

Improving the cooperation between FIUs and Law Enforcement Authorities (LEAs) will help in combatting ML/TF. Finding ways to reduce barriers of information exchange and to develop new powers and investigation tools will also help. Fostering and cultivating partnerships between FIUs and the Private Sector is also becoming more and more essential. By cooperating in public-private partnerships, we can play a more effective role in safeguarding the integrity of the international financial system and contributing to safety and security.

The Egmont Group Strategic Plan 2019-2022, which we are working on right now, will help prioritise the themes we will focus on for the years to come. In the upcoming Egmont Group Meetings in Buenos Aires (March 2018), we will focus on the fight against the ML of proceeds of corruption, including the autonomy of FIUs, as an important component of this. Future Egmont Group Meetings will be operationally focused with the aim of achieving tangible outcomes at the end of each semi-annual event.

I look forward to the two years ahead of me as Chair of the Egmont Group. Together with the members of the EC, with the help of many active Egmont Group members in the Working Groups and the Regional Groups, and with the crucial assistance of the EGS, we can and will further advance the contribution of FIUs in the global fight against ML/TF.

Mrs. Hennie Verbeek-Kusters
Head of FIU-NL, Netherlands
Chair of the Egmont Group of FIUs 2017-2019
Increased terrorist threats to all countries and the scale of worldwide ML highlighted recently demonstrates the ongoing need for FIUs to have all the necessary tools and powers to fully play their role within their own jurisdictions and follow financial flows globally. In this regard, the value and importance of the Egmont Group has never been more apparent.

In addition, through its Working Groups, the Egmont Group has been expanding its understanding of threats, developed various new investigation tools, shared best practices, set up comprehensive training sessions, and strengthened its corporate structure, making the Egmont Group member FIUs stronger in their core goal: to follow the money domestically and internationally.

In terms of better understanding the evolution of AML/CFT threats and finding operational solutions, the Egmont Group has worked on various projects throughout the year, including:

- SIL Project Phase II to better understand the evolution of major terrorism financing threats;
- FIUs Working with Law Enforcement Authorities to strengthen operational interactions within the AML/CFT chain;
- Innovations in the Financial Sector and Business Email Compromise to better understand and tackle fraud linked to new information technologies;
- STR Reporting Regime and Vulnerabilities Linked to Beneficial Ownership to identify barriers to effective FIU action and tools used to circumvent AML/CFT controls; and
- Flexible, Consistent Information Exchange Standards to make operational information exchange between FIUs more fluent through the Egmont Secure Web (ESW).

This reporting year, the Egmont Group fully embraced a new regional approach to increase the efficiency of its internal functioning.

The Egmont Group also designed the Egmont Group Centre of FIU Excellence and Leadership (ECOFEL), its new capacity building program aimed at addressing different FIU needs in order to improve their capabilities.

More than words, numbers talk. I am happy to see that the figures provided further in this report show significant information exchange between the Egmont Group FIUs through the ESW.

Mr. Jérôme Beaumont
Executive Secretary of the Egmont Group of FIUs
The Egmont Group Achievements
2016-2017 AT A GLANCE

ADMINISTRATION

New Egmont Group Chair

Ms. Hennie Verbeek-Kusters
FIU-NL, Netherlands

Mr. Sergio Espinosa
FIU-Peru

New Egmont Group Regional Representatives

AMERICAS
UIF-AR, Argentina
FINTRAC-CANAFE, Canada

ASIA AND PACIFIC
JFIU, Hong Kong

EAST AND SOUTHERN AFRICA
FIC, South Africa

EURASIA
Rosfinmonitoring, Russian Federation

EUROPE I
HFIU, Hungary and
TRACFIN, France

EUROPE II
EFFI, Liechtenstein and
FIU-OIM, Isle of Man

MIDDLE EAST AND NORTHERN AFRICA
SIC, Lebanon

WEST AND CENTRAL AFRICA
NAFI, Cameroon

OPERATIONAL DATA

22,532
exchanges of information by
Egmont Group member FIUs

27.9 M
STR/SAR/UAR received by
Egmont Group members

488 M
other reports received by
Egmont Group members

63
MoUs signed between
members during Egmont
Group events

TECHNICAL ASSISTANCE AND TRAINING

» Establishment of the Egmont Group Centre of FIU Excellence and Leadership (ECOFEL)

12 TRAINING SESSIONS FOR FIU EXPERTS WITH 277 PARTICIPANTS, INCLUDING THE FOLLOWING TOPICS:

- Multilateral Information Exchange: Network Analysis
- FIU cooperation with domestic law enforcement on terrorist financing cases
- Operational Analysis
- Egmont Biennial Census (EBC)
- Role and capacities of FIUs in combating the financing of recruitment for terrorist purposes
- The disruption of illicit financial flows
- New payment methods
- How reporting entities detect TF suspicious transactions
- ID and document fraud
- Open source information for TF issues
- Business email compromise
- FIU Information System Maturity Model (FISMM) and Securing an FIU (SEC-FIU)
**HIGHLIGHTS**

**MEMBERSHIP**

New member FIUs endorsed:
UIF-CV, Cape Verde;
UAF, Ecuador;
NJIF-K, Kosovo;
KwFIU, Kuwait; and
FIU Sudan

One member FIU suspended:
NFIU, Nigeria

One member FIU issued with a warning of suspension

**MEETINGS**

8 MEETINGS
WITH OVER 800 PARTICIPANTS

**WORK COMPLETED**

- Terrorism Incident Urgent Response Checklist and Guide
- Securing an FIU: Business Continuity Plan
- ISIL Project Phase II: A financial typology of foreign terrorist fighters (FTFs) and information sharing challenges involving FIUs
- Business Email Compromise: Tracking the flow of funds related to cyber-crime
- Flexible, Consistent Information Exchange Standards: Improving the capacity for FIUs to exchange financial intelligence
- FIUs working with law enforcement agencies: Examining the effectiveness of operational partnerships
- Egmont Operational Guidance updated: Enhancing information exchange between FIUs on terrorist financing issues
- White paper on the benefits of the FIUs collecting the Cross Border Wire Transfer Reports

**WORK STARTED**

- Vulnerabilities Associated with Beneficial Ownership (Joint FATF/Egmont Group project)
- Financing of Lone Actors/Small Cell Terrorism
- Analysis of Global Suspicious Transaction Reporting Regimes
- Developing the next Egmont Group Strategic Plan
Acknowledgements

HOST FIUs

2016

GIFI POLAND
AUGUST 2016
Technical Assistance and Training Working Group (TATWG) Intersessional Meeting

QFIU QATAR
SEPTEMBER 2016
Policy and Procedures Working Group (PPWG) Intersessional Meeting

TRACFIN FRANCE
OCTOBER 2016
Information Exchange Working Group (IEWG) Intersessional Meeting

FIU THE NETHERLANDS
NOVEMBER 2016
1st Egmont Centre of FIU Excellence and Leadership (ECOFEL) Set-up Project Team Meeting

2017

QFIU QATAR
JANUARY 2017
Egmont Group Meeting

EFFI LIECHTENSTEIN
APRIL 2017
2nd Egmont Centre of FIU Excellence and Leadership (ECOFEL) Set-up Project Team Meeting

MROS SWITZERLAND
MAY 2017
Egmont Committee (EC) Intersessional Meeting

GIF MACAU S.A.R.
JULY 2017
24th Egmont Group Plenary Meeting

DONORS AND CONTRIBUTIONS

FinCEN, USA:
Hosting, maintaining and improving the ESW

FINTRAC-CANAFE, Canada:
Historical financial contribution as the host jurisdiction for the EGS since 2007 and constant support since then

Department for International Development (DFID), United Kingdom:
Donation of GBP 200,000 as the seed funding to support the initiative of establishment of ECOFEL, since November 2016

SAFIU, Saudi Arabia:
Annual donation of USD $100,000 for a period of 10 years, from 2004-2014 and seconding an experienced Senior Officer to the EGS from July 2014 - July 2017

AMLD, Taiwan:
Seconding a Senior Officer to the EGS from September 2015 - September 2019

SICCFIN, Monaco:
Donation of USD $18,000 used for hiring a consultant for the project: FIUs Cooperation with Law Enforcements Agencies and Prosecutors
CHAPTER I

The Egmont Group of Financial Intelligence Units

Recognising the importance of international cooperation in the fight against money laundering and financing of terrorism (ML/TF), in 1995, a group of financial intelligence units (FIUs) met at the Egmont-Arenberg Palace in Brussels, Belgium and decided to establish an informal network for the stimulation of their international cooperation. 22 years later, the Egmont Group is an organisation comprising 156 members that, for the purpose of fighting ML/TF, have resolved to:

» Unite their efforts to effectively exchange information to combat ML/TF;

» Promote the development of effective FIUs around the world through operational work on shared priorities; and

» Support member FIUs to enhance their capacity, by promoting operational independence, offering training and technical assistance programs, promoting personnel exchanges, developing operational and strategic collaboration as well as maintaining and granting access to a secure channel for information exchange.
**STRUCTURE**

**THE HEADS OF FINANCIAL INTELLIGENCE UNITS (HoFIU)**
- Governing Body

**THE EGMONT COMMITTEE (EC)**
- Advisory Body
  - Led by the Chair of the Egmont Group, it is comprised of the Working Group Chairs, the Regional Representatives, the ESW Representative, and the Executive Secretary.
  - The EC has responsibility for decision-making in areas delegated by the HoFIU. The EC is responsible for ensuring the horizontal and vertical cohesion of the work of the Egmont Group.

**EGMONT GROUP SECURE WEB (ESW) REPRESENTATIVE**
- Secure Communications

**WORKING GROUPS (WGs)**
- Operational Bodies
  - Created by the HoFIU upon the recommendation of the EC, their activities are mandated in line with the Egmont Group’s strategic plan.

**REGIONAL GROUPS (RGs)**
- Regional Representation
  - Provide support to member FIUs in their respective regions and represent their members in the EC with regards to compliance matters, and other issues of importance.

**THE EGMONT GROUP SECRETARIAT (EGS)**
- Administrative, Strategic, and Technical Support
  - Provides strategic and administrative support to the HoFIU, the EC, the WGs, the Regional Groups, and assists with content management on the open areas of the ESW. The EGS is headed by the Executive Secretary whose appointment is endorsed by the HoFIU, and reports directly to the Chair of the Egmont Group.

**MANDATES**

**THE HEADS OF FINANCIAL INTELLIGENCE UNITS (HoFIU)**
- Establish the mandate and priorities of the organisation and make decisions on any developments affecting the group’s membership, structure, budget, and principles. The HoFIU may delegate specific authorities in order to expedite certain decisions, enhance effectiveness, and streamline issues before HoFIU consideration.

**THE EGMONT COMMITTEE (EC)**
- Serves as the consultation and coordination mechanism for the HoFIU, the Regional Groups and the Working Groups.

**EGMONT GROUP SECURE WEB (ESW) REPRESENTATIVE**
- An electronic communication system that provides an encrypted platform for members to communicate electronically and share financial intelligence, as well as other information of interest. Such information is able to be shared amongst Egmont Group members. The ESW is critical to the functioning of the Egmont Group. The HoFIU provide the mandate for the ESW, and approve and monitor its governance structure and policies.

**WORKING GROUPS (WGs)**
- Information Exchange ML/TF Working Group (IEWG)
- Membership Support and Compliance Working Group (MSCWG)
- Policy and Procedures Working Group (PPWG)
- Technical Assistance and Training Working Group (TATWG)

**REGIONAL GROUPS (RGs)**
- Americas Regional Group
- Asia and Pacific Regional Group
- Europe I Regional Group
- Europe II Regional Group
- Eurasia Regional Group
- Middle East and Northern Africa Regional Group
- East and Southern Africa Regional Group
- West and Central Africa Regional Group
High Operational Focus

The Egmont Group remains focused on its core mandate in enhancing the operational capabilities of its members and building a global forum for cooperation between FIUs to successfully combat ML/TF. This strong operational focus is critical to better ensure a globally coordinated approach in tackling ML/TF challenges. While it continues to grow as an organisation, the Egmont Group has established itself as the operational arm of the international AML/CFT apparatus. In concrete terms, this means providing a platform for the secure exchange of expertise and financial intelligence between member FIUs and supporting the development of FIUs around the world. To further strengthen the global AML/CFT network, the Egmont Group continues to welcome new members into the organisation.

The success of the Egmont Group can be measured by its operational outcomes. In 2016-2017, for example, the work of the Technical Assistance and Training Working Group (TATWG) led to the creation of the Egmont Group Centre of FIU Excellence and Leadership (ECOFEL), which promises to be an engine for the enhancement of capability, excellence, and leadership to further develop the effectiveness of FIU members in their contribution to national and international efforts to combat ML/TF. This dedicated and sustainable structure will provide, among other things, technical assistance, training, and mentoring activities to enhance the effectiveness of FIUs.

The Information Exchange Working Group (IEWG) continued its work to increase the effectiveness of information exchange between FIUs based on operational and strategic priorities. Maintaining its focus on the issue of TF, the IEWG conducted a second phase of its multilateral information sharing project on the Islamic State of Iraq and the Levant (ISIL) and developed a financial typology of foreign terrorist fighters (FTFs) in Iraq and the Levant. Key operational outcomes also included the successful completion of projects about how FIUs can best work with law enforcement authorities (LEAs) and prosecutors, and about the high-profile issue of business email compromise (BEC).

The Egmont Group has continued to deliver on its three-year strategic plan with a focus on producing results on four key areas:

» Enhance Effective Information Exchange between FIUs;
» Facilitate Adherence to the International Standards, Developing, and Sharing Expertise of FIUs;
» Promote External Relations and Cooperation with Partner Organizations; and
» Build and Maintain an Effective and Sustainable Organisation.

As the current three-year strategic plan nears conclusion, the Egmont Group is now looking ahead at developing a new three-year plan with a view to update and enhance its key areas of focus. The global ML/TF environment is always in a state of change, which requires FIUs to adapt and address new ML/TF methods, as well as new threats to peace and the stability of financial regimes worldwide.

By maintaining a strong operational focus as one of its main business drivers, the Egmont Group reasserts its core mandate to enable the sharing of financial intelligence and expertise between FIUs across the world, and help address the challenges they face in their efforts to combat ML/TF.
Organisational Growth and Global Outreach

Globalisation and the interconnection of world economies and financial markets, in addition to the emergence of new technologies and payment systems that allow for the swift movement of funds across the globe, present challenges and threats for FIUs and AML/CFT regulators. Consequently, the continued expansion and development of the FIU network is essential to respond effectively to the international challenges posed by transnational crimes.

The Egmont Group realised this early on, and placed organisational growth as one of its fundamental principles and strategies for the future. This allowed the Egmont Group’s membership to grow rapidly over the years, and contributes to its standing as the preeminent membership body for FIUs, spanning all regions of the globe and providing FIUs with an influential voice within the AML/CFT community of practice.

The admission of new FIUs to the Egmont Group is overseen by the Membership, Support, and Compliance Working Group (MSCWG), including volunteer sponsor FIUs, to verify the candidate FIU has met the legal and operational requirements of membership in accordance with the Egmont Group’s membership procedures. The admission of new members strengthens the global AML/CFT network and increases the effectiveness of information sharing within the FIU community. This year, during the Egmont Group Meetings in Qatar, the HoFIU endorsed the FIUs of Kosovo and Cape Verde as new members of the Egmont Group. The 24th Egmont Group Plenary in Macao witnessed the admission of another two other FIUs: KwFIU, Kuwait and FIU Sudan, both from the Middle East and Northern Africa (MENA) region. Also, in September 2016, the HoFIU endorsed out-of-session the FIU of UAF, Ecuador as a new member of the Egmont Group.

The Egmont Group’s continued growth offers many benefits to existing members. Most importantly, it enhances the ability of member FIUs to cooperate across a broader network, by utilising the Egmont Secure Web (ESW). The ESW is a secure platform that allows the encrypted sharing of emails, financial intelligence, and other information among member FIUs, ensuring the security and confidentiality of the information exchanged.

A 10-YEAR SNAPSHOT

Looking back 10 years, the membership of the Egmont Group has grown by 50 FIUs, increasing from 106 FIU members in 2007 to 156 FIU members in 2017. This is a clear testament to the Egmont Group’s vision, energy, and efforts to broaden the reach of the organisation and in turn strengthen the global AML/CFT community.
OUTREACH AND REGIONAL WORK

The Egmont Group is committed to supporting candidate FIUs in their efforts to obtain Egmont Group membership. This strategy continues to be of high priority for some regional groups with a higher number of candidate FIUs in line for membership, particularly those from Regional Groups within Africa.

MOVING FORWARD

The global expansion of a FIU network may carry some challenges, especially with regard to cooperation with relevant authorities and the continued alignment of FIU capabilities and roles in the global AML/CFT regime. FIUs have a central position in the AML/CFT community both nationally and internationally. Without effective financial intelligence collection and exchange, investigations into ML/TF by operational partners (law enforcement / investigation, regulation, prosecution, mutual legal assistance, and asset recovery) remain unlikely to succeed. As a result, the development of FIU members within the Egmont Group and the improvement of effective information sharing is critical to ensuring FIUs are recognised as central pillars of the global effort to fight ML/TF.

DISTRIBUTION OF FIUs BY REGION

<table>
<thead>
<tr>
<th>Regional Groups</th>
<th># of FIUs</th>
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<tbody>
<tr>
<td>Americas Regional Group</td>
<td>38</td>
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<tr>
<td>Asia and Pacific Regional Group</td>
<td>27</td>
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<tr>
<td>East and Southern Africa Regional Group</td>
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<tr>
<td>Eurasia Regional Group</td>
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<td>Europe I Regional Group</td>
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<td>Europe II Regional Group</td>
<td>23</td>
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<tr>
<td>Middle East and Northern Africa Regional Group</td>
<td>13</td>
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<tr>
<td>West and Central Africa Regional Group</td>
<td>12</td>
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CHAPTER II

Egmont Centre of FIU Excellence and Leadership (ECOFEL)

Recognising the need for FIUs to be effective in their role as leaders within the AML/CFT community, the Egmont Group created a centre dedicated to improving the capability of FIUs to lead efforts to combat ML/TF globally. As a result, ECOFEL provides the necessary pathway for the Egmont Group to provide tangible benefits to its members and position FIUs at the forefront of AML/CFT activities, both nationally and internationally.

ECOFEL seeks to create an engine for the enhancement of excellence and leadership for FIUs. ECOFEL is focused on the development of capability, excellence, and leadership (of individuals and FIUs) to lead national and international efforts to combat ML/TF, and major predicate offences, such as corruption. The goal of ECOFEL is to support, position, and promote FIUs within their national systems. ECOFEL will employ a phased-in approach to the services and products offered to Egmont Group members and candidate FIUs to ensure the best opportunity for success.

ECOFEL’s focus on excellence and leadership stems from a desire to enhance the effectiveness of FIUs. ECOFEL’s emphasis on excellence assists FIUs in implementing internationally recognised best practice and supports FIUs in implementing innovative ideas that can enhance their operations. In looking at leadership, ECOFEL recognises the central role that FIUs play in the success of national AML/CFT frameworks and sees domestic and international leadership of FIUs as a key component to establishing effective AML/CFT systems, both domestically and internationally.

ECOFEL is fully integrated in the Egmont Group and will be located within the Egmont Group Secretariat.
PURPOSE AND OBJECTIVES

ECOFEL aims to assist FIUs to position themselves within their national systems to ensure they can meet the requirements that come with the pivotal role they play, domestically and internationally, by:

» Supporting FIUs to lead jurisdictional efforts to combat ML/TF with a goal to end the impunity of crime, including corruption and other predicate offenses;
» Supporting FIUs to identify ML/TF risks and vulnerabilities, and to drive the agenda in their country to mitigate these risks;
» Equipping FIUs with a set of tools that enable them to better detect proceeds of crime and enhance collaboration domestically and internationally; and
» Supporting FIUs to be proactive in identifying ML/TF and providing this intelligence to competent agencies for further action.

TARGET BENEFICIARIES

Egmont Group member FIUs and Egmont Group candidate FIUs are ECOFEL's target beneficiaries. Other AML/CFT stakeholders such as supervisors, law enforcement, national security agencies, private sector actors or FATF-style regional bodies (FSRBs) may also be included in ECOFEL where their participation can contribute to programs that enhance FIU effectiveness.

MANDATE

ECOFEL will deliver the development of capability, excellence, and leadership to strengthen FIUs in their contribution to national and international efforts to combat ML/TF and major predicate offences such as corruption. This work includes, mentoring, coaching, staff exchanges, maintaining a library of reference materials, running courses, as well as employing innovative methods to be introduced over time.

PRIORITIES

The following outcomes have been identified as ECOFEL's top priorities (in order):

a. Improve operational capacity to receive/deliver quality intelligence products;
b. Clarify and/or improve operational autonomy;
c. Increase international cooperation;
d. Improve political support to FIUs;
e. Improve domestic influence on stakeholders;
f. Increase understanding of the financial intelligence landscape;
g. Enhance strategic understanding of the ML/TF threat landscape; and
h. Clarify and/or improve participation of the FIU in their National Risk Assessments.

GOVERNANCE

ECOFEL is part of the Egmont Group of FIUs. ECOFEL is the operational arm of the TATWG, and its activities are directed by the TATWG’s Business Plan, subject to endorsement by the HoFIU. TATWG defines and supervises the work of ECOFEL. Each year, the TATWG will agree upon a specific ECOFEL work plan to embed into the TATWG Business Plan. The ECOFEL Program Team, which includes the Executive Secretary of the Egmont Group, will then work to prepare the ECOFEL-related outcomes. In line with the Egmont Group Charter, the TATWG is responsible for consulting with other Egmont Working Groups as well as Regional Representatives about the ECOFEL work plan through the Egmont Committee.

Administrative management of ECOFEL activities will be undertaken by the Egmont Group Secretariat. This will include staffing, accounting, meeting preparation as well as the provision of office space for ECOFEL staff.

The Chair of the TATWG reports regularly to the HoFIU about the activities of ECOFEL and against the deliverables detailed within the TATWG’s Business Plan. The report includes, but is not limited to, a description and analysis of:

a. Activities and achievements;
b. A comparison of planned versus actual activities, including an explanation of variances; and
c. Successes and challenges experienced by ECOFEL in terms of meeting its objectives.

The EGS reports to donors on the use of funds and activities of the ECOFEL program. A standard reporting format is used to report to all donors. The report contains information on ECOFEL activities, the strategic direction of the program as well as a financial report which provides a complete list of funds spent on the basis of budgeted line items as compared to the original budget line items, with a justification of any variances between estimated and actual expenditures that are in excess of 10 per cent.

FUNDING

ECOFEL activities are funded by voluntary contributions (financial and in-kind). All donor contributions are subject to approval by HoFIU. The ECOFEL budget is used exclusively for ECOFEL activities. The use of voluntary contributions, including expenses related to ECOFEL activities, are incurred, processed and accounted for in accordance with the Egmont Group’s Financial and Administrative Policies and Procedures.
CHAPTER III

Operational Outcomes

The Egmont Group provides its members with a network for sharing financial information globally and avenues to strengthen their operational capabilities through multilateral activities.

Operationally, the Egmont Group focuses its efforts on:

» The proactive sharing of financial intelligence and other related information; and

» Strengthening FIU capabilities to ensure international standards, such as those set by the FATF, are met and respond to the specific circumstances of each Egmont Group member.
**Type of Egmont Group FIUs:**

- **112** Administrative
- **17** Hybrid
- **5** Judicial
- **4** Hybrid
- **21** Law Enforcement

**Number of Egmont Group FIUs Whose Mandate Entails Additional Functions:**

(Than receipt, analysis, dissemination, and information exchange)

- **139** YES
- **17** NO

**Additional Functions of the Mandate of Egmont Group FIUs:**

- **70** Regulation and supervision of reporting entities including Financial institutions
- **12** Prosecutions
- **67** Intelligence gathering (other than financial intelligence)
- **24** Criminal investigations/prosecutions (including application of investigative techniques and/or acting in formal criminal proceedings)
- **123** Postponement/suspension of transactions or freezing of funds or other assets
- **23** Seizing of assets
- **90** Postponement/suspension of transactions or freezing of funds or other assets on the basis of a request from a foreign FIU
- **45** Other

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2 The data in this section is collected from the 2017 Egmont Biennial Census. As the census allowed for multiple answers, the totals may not always amount to the number of members.
SPOTLIGHT ON TERRORIST FINANCING

Combating the Evolving Foreign Terrorist Fighter (FTF) Threat

The Egmont Group continues in its efforts to respond to the threats posed by TF, particularly in relation to the funding of FTFs and their facilitation networks.

While it is acknowledged that returnees from the Iraq and Syria conflict zones pose an obvious threat given their direct affiliation with ISIL, many recent terrorist attacks have been carried out by so-called ‘lone actors’ or ‘home-grown extremists’. Such ISIL-inspired actors are often radicalised by online propaganda and require minimal to no operational or financial support from the group.

The work undertaken by the Egmont Group during this reporting period echoes these findings, in so far as it has identified a changing modus operandi in the activities of FTFs, who are no longer likely to travel to Iraq or Syria to fight with ISIL in conflict zones. Instead, there is evidence that the new generation of FTFs leave their home country and travel to a different country or continent to join ISIL-inspired militant groups or Islamic extremists and conduct terrorist activities.

Jurisdictions face a number of challenges associated with combating the FTF problem set, namely: identifying returning FTFs; assessing the risk that each returnee poses; keeping pace with ISIL’s shifting strategy for leveraging returning FTFs; and sharing information on a timely basis across government agencies and with key foreign partners. Additionally, FTF-associated financing can take several forms: self-funding for travel expenses; carrying money overseas for the benefit of ISIL; and providing funds to support FTFs on the ground in conflict zones or in their attack operations.

The Egmont Group’s work on this topic has indicated that it is necessary for governments to work together globally to prevent radicalisation in the FTFs’ country of origin and to limit FTFs’ access to money, resources, goods, and services. It is recommended that to gain further insight into the activities of these FTFs, FIUs should continue to exchange information with their domestic LEAs and international partners as a priority.

Egmont ISIL Project: Focus and Outcomes

ISIL Project: Phase I and Phase II

The Egmont Group launched the ISIL Project in May 2015 to combat the global threat of terrorism, specifically FTFs, in the Information Exchange Working Group (IEWG). The project saw the Egmont Group lead efforts to transition from a largely bilateral model of information sharing to a multilateral model of information exchange. Phase I of the ISIL Project focused on developing financial profiles, indicators, and typologies of suspected FTFs associated with ISIL, al-Qaeda, and their affiliates. A year later, project members used the recommendations from Phase I to launch Phase II, an examination of the FTFs and their facilitation networks and improve collaborative practices within the multilateral model of information sharing.

Outcomes of this project, to date, include:

- **FTF Financial Typology Report:** Identified the financial modus operandi of individuals either planning to travel or having already travelled to conflict zones in Iraq and the Levant. The report was turned into a general advisory and shared with national and international partners, across the public and private sectors.

- **Challenges to Multilateral Information Sharing Report:** This two-part report identified various operational, legal, and policy challenges to sharing information nationally and internationally among FIUs and their partners. These findings were shared with Egmont Group members and with the FATF for policy consideration.

- **Multilateral Information Sharing:** Egmont Group member FIUs used the Egmont ISIL Project to spontaneously exchange relevant financial intelligence on a multilateral basis, when appropriate and relevant, via the ESW. Between March 2015 and September 2016, Egmont ISIL Project members shared nearly 1,500 operational intelligence reports. While the vast majority of these exchanges came from AUSTRAC, Australia, FINTRAC, Canada, and FinCEN, USA, the operational value of the multilateral information sharing between the project members cannot be underestimated. The number of positive matches – in which an FIU discovered a link between its own data and a report sent by another FIU – more than doubled in 2016 after project members introduced a new multilateral information sharing protocol.

- **Identification of New FTF Networks:** Both phases of the project enabled FIUs to work closely with relevant LEAs, and to identify new FTFs as well as their financial and logistical facilitation networks. These efforts underscored the value of multilateral information sharing and collaboration between Egmont Group members.
SMALL CELLS AND LONE ACTORS PROJECT

In February 2017, the Egmont Group launched the Lone Actors and Small Cells Project. Once again overseen by the IEWG, the subsequent project aimed to adapt the Egmont Group’s efforts to respond to the evolving threat of FTFs by identifying and analysing TF methodologies related to supporting small terrorist cells, lone actors, and FTF returnees. The project further examined the challenges to, and limitations of, financial intelligence in this area, leveraging the successes of the ISIL Project Phase I, where possible, while also identifying new potential threats.

Due to the relatively low-cost nature of terrorism perpetrated by lone actors and small cells, the associated financial activity often resembles legitimate financial transactions, and may involve a greater degree of self-funding. In this paradigm, traditional indicators of TF were unlikely to expose the financing activities of operational small cells and lone actors.

In particular, the Small Cells and Lone Actors Project looked to:

» Understand the prevalent TF methodologies employed by lone actors and small terrorism cells, including the:
  • Utilisation of new and emerging technologies or payment platforms; and
  • Purchase of items to conduct attacks such as vehicles or firearms and explosives components.

» Assess the vulnerabilities and policy limitations that prevent or hinder the identification of small cell and lone actor FTFs, including limitations to the collection of suspicious transactions;

» Identify indicators and intelligence analysis methodologies by which FIUs can identify TF related to small cells and lone actors;

» Examine the extent to which financial intelligence can identify small cell and lone actor activities; and

» Identify AML/CFT practices and policies that have been developed and deployed by jurisdictions to assist in the identification of small cell and lone actor FTFs.

THE IMPORTANCE OF FINANCIAL INTELLIGENCE IN CT CASES

The evolving threat of global terrorism, including small cell and lone actor FTFs whom often require little to no funding in their attack planning and execution, reinforces the need for FIUs and LEAs to commit more resources and personnel into their investigations. These personnel are needed to mobilise, access, and analyse a jurisdiction’s repository of historical financial data in order to build out related financial facilitation networks that provide critical leads for immediate security service and law enforcement action in the immediate aftermath of a terror attack or incident in as close to real time as possible.

<table>
<thead>
<tr>
<th>EG MONT GROUP – ISIL PROJECTS</th>
<th>PHASE I</th>
<th>PHASE II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Reports Shared</td>
<td>500+</td>
<td>1000+</td>
</tr>
<tr>
<td>Sanitised Case Studies</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>FTF Financial Typologies</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Information Sharing Report</td>
<td>✔️</td>
<td>✔️</td>
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<tr>
<td>Bulletin for Reporting Entities</td>
<td>✔️</td>
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<tr>
<td>Open Source Research Study</td>
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<td>✔️</td>
</tr>
<tr>
<td>Network Analysis Workshop</td>
<td>✗</td>
<td>✔️</td>
</tr>
</tbody>
</table>
1 Urgent Terrorism Incident Response Checklist

To enhance the Egmont Group’s member response capabilities, the organisation developed an emergency response checklist which recommended actions for FIUs to take in response to a critical terrorist threat and/or incident. This checklist acted as a summary of the actions FIUs should consider when dealing with a critical threat or terrorist incident within their own jurisdiction, or within that of another FIU. In addition to the checklist, guidance in the form of standard operating procedures was also developed to help FIUs update their internal policies and procedures, in order to proactively prepare and respond to critical threats. The guidance also took into consideration the need for FIU proactive engagement with law enforcement, other government agencies and the private sector in order to increase FIU preparedness.

Building on the recommendations of Phase I of the ISIL Project, the Egmont Group expanded its focus to FTFs and their facilitation networks. This phase of the project also explored the roles of individual facilitators. A full description of the outcomes of this work is available under the previous section - Spotlight on Terrorist Financing.

2 Foreign Terrorist Fighters (FTFs) Facilitation Networks (ISIL Project Phase II)

The Egmont Group’s focus on policy development provided members with opportunities to understand and monitor changes in the financial product and service environment and respond to these changes within their own jurisdictions. The Egmont Group’s focus on conducting ongoing research into financial technology and transaction innovation, allowed members to effectively identify, assess and respond to the ML/TF risks and vulnerabilities posed by such products and services. Regular environmental scans of this sector identified new financial products and services and provided the Egmont Group with an opportunity to segment its research into specific topics throughout this period. Topics included Mobile Payment Systems, Blockchain, Crowdfunding, Peer to Peer Lending, and Digital Currencies. Aiming to provide members with guidance to assist jurisdictions in assessing their risks and effectively share information with their counterparts in relation to these topics, the Egmont Group also collected data and case studies from member FIUs and produced a number of analytical products. Adding value to its membership base on topics of relevance, the Egmont Group produced and shared papers on Blockchain and Mobile Payments via the ESW, amongst others.

3 Financial Technologies and Transaction Innovation

IMPORTANT OPERATIONAL OUTCOMES

During the reporting interval, the Egmont Group carried out and finalised its work on multiple operational projects. The most prominent included:

The Egmont Group’s focus on policy development provided members with opportunities to understand and monitor changes in the financial product and service environment and respond to these changes within their own jurisdictions. The Egmont Group’s focus on conducting ongoing research into financial technology and transaction innovation, allowed members to effectively identify, assess and respond to the ML/TF risks and vulnerabilities posed by such products and services. Regular environmental scans of this sector identified new financial products and services and provided the Egmont Group with an opportunity to segment its research into specific topics throughout this period. Topics included Mobile Payment Systems, Blockchain, Crowdfunding, Peer to Peer Lending, and Digital Currencies. Aiming to provide members with guidance to assist jurisdictions in assessing their risks and effectively share information with their counterparts in relation to these topics, the Egmont Group also collected data and case studies from member FIUs and produced a number of analytical products. Adding value to its membership base on topics of relevance, the Egmont Group produced and shared papers on Blockchain and Mobile Payments via the ESW, amongst others.
BEC — a type of wire-transfer fraud scheme, also commonly referred to as CEO Fraud — was repeatedly flagged by Egmont Group members as an emerging trend of cyber-enabled crime adversely affecting financial institutions, businesses, and individuals. The Egmont Group used its unique capabilities to share financial and cyber intelligence multilaterally in order to identify the perpetrators of BEC fraud. Financial analysis undertaken as part of this work focused on ML networks, cyber infrastructure, and related tactics, including social engineering and computer intrusion techniques. The outcomes of this project culminated in the production of common BEC financial typologies, as well as case studies demonstrating the effectiveness of investigative methodologies.

The Egmont Group recognises that LEAs and prosecutors are key partners for FIUs in every jurisdiction. The Egmont Group examined various models of cooperative partnerships between FIUs and LEAs to:

» Identify the strengths of and impediments to effective cooperation;

» Develop best practices and guidance to enhance FIU and LEA cooperation and provide recommendations to overcome identified impediments; and

» Develop practical solutions to assist jurisdictions to effectively manage information sharing amongst the national authorities responsible for combating ML/TF and associated predicate offences.

The research led the Egmont Group to identify 17 recommendations for enhancing the cooperation between FIUs and LEAs. The Egmont Group also identified three priority areas for future work namely:

» FIU feedback to LEAs;

» FIU roles in financial investigations; and

» Use of liaison officers, contact points and other mechanisms for effective information exchange and cooperation.
CHAPTER IV

Egmont Working Group and Regional Group Developments

In order to accomplish its mission of development, cooperation, and sharing of expertise, the Egmont Group created four working groups. The working groups meet periodically and report to the HoFIUs about their activities.

In addition, the Charter of the Egmont Group provides for the establishment of Regional Groups within its operating structure. They are organised based on geographic distribution and are represented by their selected Regional Representatives on the EC. Some of the key roles of the Regional Groups are to:

» Actively support and contribute to the activities of the Egmont Group’s Working Groups;
» Support and sponsor non-Egmont Group member FIUs in the region;
» Contribute to regional typologies and strategic projects; and
» Assist the regional representatives on key regional issues and meetings.
Information Exchange Working Group (IEWG)

The IEWG has continued to build opportunities for FIUs to share operational intelligence, develop technical solutions to enable effective information exchange and work collaboratively to address emerging ML/TF risks and potential vulnerabilities.

The IEWG is chaired by Mr. Peter Clark (AUSTRAC, Australia) with the following Vice-Chairs: Mr. Mohammed Almutairi (SAFIU, Saudi Arabia), Mr. Luc Beaudry (FINTRAC, Canada), Mr. Jacob Cohen (FinCEN, USA), Mr. Youssef Elomary (UTRF, Morocco), Mr. Andrew Hill (NZ-Police FIU, New Zealand) and Mr. Ken O’Brien (FinCEN, USA).

With support from over 100 member FIUs, the work of the IEWG is organised into five streams:

**STREAM 1**
Operational Information Exchange
Developing solutions to issues faced by FIUs in exchanging information.

**STREAM 2**
Multilateral work on key ML/TF issues
Harnessing the success of previous multilateral information sharing projects to solve difficult ML/TF problems.

**STREAM 3**
Understanding changes and emerging ML/TF risks in the environment
Studying the changing environment and designing strategies to overcome identified risks.

**STREAM 4**
Enhancing data analytics and effective communications
Studying the changing environment and designing strategies to overcome identified risks.

**STREAM 5**
Information Technology Enablers
Maximising the Egmont Group’s IT expertise to ensure the continuity of the business.

Over this period, IEWG project teams led and completed the following projects, which were endorsed by the HoFIU:

- Urgent Terrorism Incident Response Checklist and Guide;
- Securing an FIU: Business Continuity Plan;
- ISIL Project Phase II (FTF facilitation networks);
- Business Email Compromise Phase I (tracking the flow of funds related to cyber-crime);
- Egmont Biennial Census (EBC) Questionnaire Review (collecting information on FIU capabilities);
- Flexible, Consistent Information Exchange Standards Phase I (improving the capacity for FIUs to exchange intelligence); and
- FIUs working with Law Enforcement Agencies.

The IEWG has also commenced work on the following projects (due for completion in 2018):

- Joint FATF/Egmont Project: Vulnerabilities Associated with Beneficial Ownership;
- Financing of Lone Actor/Small Cell Terrorism;
- Analysis of Global Suspicious Transaction Reporting Regimes;
- Professional Money Laundering Networks;
- Human Trafficking; and
- Updating Knowledge about Virtual Currencies.

The IEWG continues to provide members with opportunities to come together and work collaboratively on projects, which are relevant to the work of FIUs and their partners across the globe. The highly-engaged and dedicated member base has not only provided leadership on key Egmont Group projects, but also significant operational outcomes for the Egmont Group members and wider AML/CFT community. With a continual focus on moving forward to build upon the work to date, as well as a focus on examining new and emerging issues of relevance to FIUs, this ensures the work of the IEWG will continue to provide outcomes which are relevant to Egmont Group members both now and into the future.

The IEWG held three meetings over this reporting period, including: TRAC-FIN, France hosted an IEWG Inter-sessional Meeting at their offices in Paris in October 2016; QFIU, Qatar hosted an Egmont Group Meeting in Doha in January/February 2017; and GIF, Macao hosted the 24th Egmont Group Plenary in July 2017.
### Membership, Support, and Compliance Working Group (MSCWG)

The MSCWG has continued to focus on enhancing cooperation between FIUs, identifying red flags based on the Egmont Group’s Support and Compliance Process and making recommendations to the EC and HoFIU on new members and/or compliance matters.

The MSCWG is chaired by Mrs. Anne-Mette Wadman (EFE, Norway) with the following Vice-Chairs: Mrs. Mai Al Khalifa (FID, Bahrain), Mrs. Susan Davis-Crockwell (FIA, Bermuda), and Mr. Ahmed Elbashari (FinCEN, USA).

With the crucial support of sponsors and legal experts from other Egmont Group members, the MSCWG reviewed the membership applications of a number of FIUs during this period and recommended to the HoFIU the admission of the following FIUs as members of the Egmont Group: UAF, Ecuador; UIF-CV, Cape Verde; KwFIU, Kuwait; FIU Sudan; NJIF-K, Kosovo; and FIU, Germany (noting FIU, Germany was required to reapply for membership due to a significant change in its organisational structure).

Under the Egmont Group’s Support and Compliance Procedure, the MSCWG also addressed concerns related to the legal framework of two FIUs. After providing the necessary guidance required to address limitations identified in their systems, further action was recommended to the HoFIU. The resulting outcomes included issuing a formal warning of suspension to one FIU and the effective suspension of the other. The suspension resulted in a ban from participating in Egmont Group activities and denial of access to the ESW.

Furthermore, during this period, under the Egmont Group’s Support and Compliance Procedure, 13 additional referrals were made by the EC to the MSCWG. Predominantly based on red flags identified in FATF Mutual Evaluation Reports these referrals continue to be reviewed by the MSCWG.

In response to the referrals, the MSCWG acknowledged material changes in three FIUs (determining that no follow-up was required) and is actively following up on a member FIU’s compliance issues arising from its limited connectivity to the ESW.

The MSCWG continues to explore ways to support Egmont Group members and moving forward will:

- Support and monitor the process of pending and future membership applications submitted by candidate FIUs (including the identification of legal experts from Egmont Group members to support this work);
- Work in partnership with the Policy and Procedures Working Group (PPWG) to include the FATF’s/FSRBs’ mutual evaluation findings for Immediate Outcomes 2 and 6 into the Egmont Group’s Support and Compliance Process.

### Policy and Procedures Working Group (PPWG)

The PPWG has continued to provide a forum for Egmont Group members to address corporate issues while also focusing efforts to support the operational policies of the organisation. In pursuance of this mandate, the PPWG promoted the understanding of the Egmont Group’s standards, and facilitated their common interpretation as well as their uniform application.

The PPWG is chaired by Mrs. Noora Bahar (QFIU, Qatar) with the following Vice-Chairs: Mrs. Claudia D’Esposito (MROS, Switzerland) and Mr. Pekka Vasara (RAP, Finland). The group acknowledges the valuable contribution of Mrs. Christine Ernst-Pohl (MROS, Switzerland) who acted as Vice-Chair during the first half of this reporting period.

Since 1st July 2016, the PPWG met on three occasions. QFIU-Qatar hosted an inter-sessional meeting at their offices in Doha in September 2016 as well as a meeting during the Egmont Group meetings held in Doha in January/February 2017. The third meeting was held in Macao during the 24th Egmont Group Plenary.

As the custodian of the core Egmont Group documents, the PPWG ensures that they remain consistent with the Egmont Group strategic plan and with the changes in the global AML/CFT environment.

During the reporting period, the PPWG project teams led work to:

- Develop materials to promote the importance of FIUs within jurisdictional CT apparatuses;
- Develop guidance for FIUs to work with reporting entities to improve the quality of Suspicious Transaction Reports;
- Explore potential recommendations to overcome barriers for information sharing for intelligence purposes;
- Examine the utility of cross-border wire transfer information in the context of combating ML/TF; and
- Develop the legal framework underpinning partnerships between the Egmont Group and Observers / International Partners Organisations.

This work of the PPWG was reflected in the following outcomes, which were endorsed by the Egmont Group’s HoFIU during this reporting period:

- Updates to the Egmont Group’s Operational Guidance for FIU Activities and the Exchange of Information – including a section dedicated to enhancing information exchanges between FIUs on TF issues;
- A white paper on the Benefits of FIUs Collecting Cross-Border Wire Transfer Reports – published on the ESW; and
- The adoption of a revised policy for Egmont Group Partnerships with Observers and International AML/CFT Partners.

During the reporting period, the PPWG also commenced work on the following (due for completion in 2018/2019):

- Drafting the Egmont Group’s revised Strategic Plan;
- Updating, in partnership with the MSCWG, the Egmont Group’s Support and Compliance Process for considering the FATF’s/FSRBs’ Mutual Evaluation effectiveness findings related to Immediate Outcomes 2 and 6;
» Revisiting the procedure for selecting the Egmont Group Chair;
» Developing the Egmont Group’s position on the issue of FIU autonomy and independence;
» Developing an engagement framework with the FATF to ensure greater cooperation and/or coordination between the two organisations;
» Developing a policy framework for the receipt of voluntary contributions to the Egmont Group from members and non-members; and
» Developing a policy for the translation of the Egmont Group’s core and key operational documents.

The group is considering further work to elaborate what is meant with the commonly used phrase “for intelligence use only” and may, in the future, assess whether there is a willingness across Egmont Group members to widen the scope of disseminated information for other purposes.

The PPWG seeks, through its policy development and project work, to ensure that FIUs have access to adequate guidance to support exchanges of intelligence and expertise in ways that effectively respond to the current and future AML/CFT environment.

Technical Assistance and Training Working Group (TATWG)

The TATWG has continued its work on developing and delivering technical assistance and training to both Egmont Group member and non-member FIUs, globally.

During the reporting period, the TATWG was chaired by Mrs. Hennie Verbeek-Kusters (FIU-NL, Netherlands) with the following Vice-Chairs: Mr. Daniel Thelesklaf (EEFI, Liechtenstein), Mr. Amr Rashed (EMLCU, Egypt) and Mr. Stephen John (FINTRAC, Canada).

ECOFEL was a priority project for the TATWG during this period and culminated in the successful approval of the Terms of Reference for ECOFEL by the HoFIU at the 24th Egmont Group Plenary. As part of the announcement, generous funding for this initiative was provided by the United Kingdom’s Department for International Development, as outlined in Chapter II of this annual report.

Although ECOFEL was a significant priority of the TATWG, the group still continued with the development and delivery of training programs and projects in order to build the operational capacity of FIUs worldwide. Initiatives undertaken by the TATWG included, amongst others:

» Development and delivery of e-learning programs – the TATWG, in cooperation with the International Asset Recovery Centre, officially launched an online training program for FIU analysts. The first training product available to both Egmont Group members and non-members, in English and Spanish, was the Operational Analysis Course (OAC)².

²The OAC can be accessed at https://forum.assetrecovery.org/elearning/courses/operational-analysis and https://www.egmontgroup.org/en/content/technical-assistance-and-training-working-group-tatwg

Another e-learning course on combating TF is being built in the electronic format from scratch.

» Corporate Vehicles and Financial Products (CorFin) course – the TATWG developed the CorFin to increase FIU knowledge of global financial and corporate sectors and allow jurisdictions to effectively respond to threats posed by cases such as the Mossack Fonseca or Paradise Papers. The course also focused on advanced tactical analysis techniques and aimed to increase awareness of trusts, legal arrangements, beneficial ownership and other related issues.

» Plenary training events – the TATWG organised several training events held during the HoFIU intersessional and the 24th Egmont Group Plenary this year. These events focused on a variety of topics including: TF analysis (with a focus on Egmont’s ISIL project as a primary example of this work); FIU cooperation with domestic LEAs on TF cases; FinTech and new payment methods; financial disruption; and Business Email Compromise.

» Best Egmont Case Award (BECA) – as part of the annual Egmont Group Plenary, the TATWG ran the process to select the winner of this year’s BECA Competition as well as this year’s World Bank’s Stolen Asset Recovery Initiative (StAR) award. The TATWG congratulates Rosfinmonitoring, Russian Federation for winning the BECA and SIC, Lebanon and CTAF, Tunisia for winning the World Bank StAR award together.

The achievements of the TATWG during this period demonstrate the dedication and professionalism of the TATWG in its pursuit of improving the abilities of FIUs worldwide to combat ML/TF. Furthermore, the contributions and support of the international community, through many international observers and participants of the Egmont Group meetings, are essential in meeting the needs of the membership.

Finally, the TATWG would like to congratulate the Chair of the TATWG, Mrs. Hennie Verbeek-Kusters (FIU-NL, Netherlands) on her success, being elected Chair of the Egmont Group, and the Vice-Chair, Mr. Daniel Thelesklaf (EEFI, Liechtenstein), for successfully being elected as Regional Representative of Europe II. The group welcomed a new Interim Chair of the TATWG, Mr. Amr Rashed (EMLCU, Egypt). After the 24th Egmont Group Plenary in Macao (July 2017), Mr. Stephen John (FINTRAC, Canada) was the sole Vice-Chair of the TATWG.
REGIONAL GROUP DEVELOPMENTS

Caribbean Members

Americas Regional Group

1. Anguilla (MRA)
2. Antigua and Barbuda (CWOCP)
3. Argentina (UAR)
4. Aruba (MOT)
5. Bahamas (FJ)
6. Barbados (FJ)
7. Belize (FJ)
8. Bermuda (FA)
9. Bolivia (UP)
10. Brazil (COAF)
11. British Virgin Islands (FJ)
12. Canada (FINTRAC/CANFAS)
13. Cayman Islands (IRA)
14. Chile (JAR)
15. Colombia (JUR)
16. Costa Rica (UAR-Costa Rica)
17. Cuba (DGOF)
18. Curacao (FJ-Curacao)
19. Dominica (FJ-Dominica)
20. Ecuador (LAF)
21. El Salvador (AF, El Salvador)
22. Grenada (FJ-Grenada)
23. Guatemala (FJ)
24. Honduras (FJ-Honduras)
25. Jamaica (FJ)
26. Mexico (FJ-Mexico)
27. Panama (FJ-Panama)
28. Paraguay (FJ-Paraguay)
29. Peru (FJ-Peru)
30. Saint Kitts and Nevis (FJ-SKKN)
31. Saint Lucia (FJ-St. Lucia)
32. Saint Vincent and the Grenadines (FJ-SVGS)
33. Senegal (FJ-Senegal)
34. Trinidad and Tobago (FJ-TRI)
35. Turks and Caicos Islands (FCI)
36. United States (FINCEN)
37. Uruguay (JAR)
38. Venezuela (JUNEF)
Americas Regional Group

The Americas Regional Group is comprised of FIUs from jurisdictions that are members of the Caribbean Financial Action Task Force (CFATF) or the Financial Action Task Force of Latin America (GAFILAT). During this period, 38 FIUs were members of the Americas Regional Group. The latest admission was UAF, Ecuador who, under the co-sponsorship of UIF-AR, Argentina and FIU-Peru, was accepted as a full Egmont Group member on 31 July 2016, out of session.

Six FIUs in the region (Dominican Republic, Guyana, Haiti, Montserrat, Suriname, and Nicaragua) sought to gain Egmont Group membership during this period and are currently in different stages of the Egmont Group membership process.

HIGHLIGHTS OF THE ACTIVITIES IN THIS REGIONAL GROUP INCLUDED:

» UIF-AR, Argentina; FIU-Mexico; FIA, Bermuda; and FIU-Peru provided valuable contributions for the regional efforts to translate Egmont Group core and key operational documents into Spanish. The Regional Representatives provided these translated documents to the members of the Americas Region via their two FSRBs (GAFILAT and CFATF).

» FIU-Peru hosted in Lima, Peru, the FISMM Course and the SEC-FIU Program. These courses were attended by 18 officials from the FIUs of: UTRF, Morocco; CENTIF, Senegal; FIC, Namibia; FIU-Peru; MOT, Aruba; UIF - El Salvador; BFIU, Bangladesh; Fiji-FIU; IVE, Guatemala; SIC, Lebanon; UAF-Panama; FIU-Malawi; FIU, Tanzania; and FIUTT, Trinidad and Tobago.

» UIF-AR, Argentina; FIU-Mexico; and FIU-Peru continued their engagement with the UIF-El Salvador, providing additional support to this unit within the Egmont Group’s Support and Compliance Process.

» FIU-Peru hosted a visit from officials of UIF, Bolivia, aimed at developing a five-day training program focused on strategic and operational analysis, including best practices in information exchange.

» FIUs in the Americas Regional Group were active in sponsoring non-member FIUs in the Egmont Group membership process:
  • FIU-Peru and UAF, Chile provided sponsorship for the FIU of Nicaragua;
  • FIU-Bahamas and FIA, British Virgin Islands provided sponsorship for the FIUs of Montserrat and Haiti;
  • FIU-Bahamas and FIU-BZ, Belize provided sponsorship for the FIU of Guyana; and
  • MOT, Aruba and FIU-Bahamas provided sponsorship for the FIU of Suriname.

During this reporting period, FIUs from the Americas Regional Group signed 19 MoUs with Egmont Group members.
Asia and Pacific Regional Group

The Asia and Pacific Regional Group is comprised of FIUs from jurisdictions that were members of the Asia and Pacific Group on Money Laundering (APG). During the reporting period, 27 FIUs were members of the Egmont Asia and Pacific Regional Group. There were 12 FIUs in the APG that were not members of the Egmont Group: People’s Democratic Republic of Lao, People’s Republic of China, Maldives, Myanmar, Nauru, Bhutan, Pakistan, Palau, Papua New Guinea, Timor-Leste, Tonga, and Vietnam. In addition, there were also four non-APG members, but potential candidates to the Egmont Group, the FIUs from Tuvalu, Kiribati, Micronesia, and North Korea.

Two FIUs, from Tonga and Pakistan, have initiated the Egmont Group membership process in recent years. In addition, the FIU of the Maldives submitted an Expression of Interest to become a member of the Egmont Group in 2016, with FIU-Sri Lanka and BFIU-Bangladesh formalised as sponsor FIUs.

HIGHLIGHTS OF THE ACTIVITIES CONDUCTED BY THIS REGIONAL GROUP INCLUDED:

» GIF, Macao hosting the 24th Egmont Group Plenary Meeting.

» A regional risk assessment (RRA) on TF completed by the FIUs of Australia, Indonesia, Malaysia, Singapore, the Philippines, and Thailand. The RRA highlighted advances in regional coordination between government authorities to improve analysis and dissemination of CFT information.

» The launch of AUSTTRAC-Australia’s Fintel Alliance on 3rd March 2017. This was the world’s first joint public-private AML/CFT initiative that combined expertise and skills from LEAs, national security agencies, regulatory bodies, academia and industry members to transform the FIU’s capability to analyse and exchange actionable financial intelligence with law enforcement, partner agencies and industry.

» The first trilateral intelligence Analyst Exchange Program (AEP) was completed in 2016 between AUSTTRAC, Australia, INTRAC, Indonesia and UPWBNM, Malaysia. Joint analyses were conducted on agreed crime types in cooperation with relevant law enforcement agencies in each jurisdiction.

» The first Regulatory Exchange Program (REP) was completed in 2016. Indonesia’s six AML/CFT regulators conducted a study visit to AUSTTRAC, Australia, which focused on the development of a coordinated, risk-based approach to regulation aimed at improving AML/CFT compliance within the Indonesian banking and finance sectors.

» NZ-Police FIU, New Zealand provided technical assistance to Vanuatu and Tonga in their national risk assessment process.

» NZ-Police FIU provided AML courses to domestic and international partner agencies from Sri Lanka, Tonga, Fiji, Vanuatu, Cook Islands, Samoa and Australia.

» FIUs in the Asia Pacific Regional Group were active in sponsoring non-member FIUs in the Egmont Group membership process:
  • BFIU-Bangladesh and KoFIU-Korea continued to work with the FIU of Bhutan;
  • BFIU-Bangladesh and Sri Lanka FIU provided sponsorship for the FIU of the Maldives;
  • Fiji-FIU continued to work with the FIU of Tonga;
  • Fiji-FIU and KoFIU, Korea, Republic of initiated work on the possible sponsorship of the FIU of Palau.

During this reporting period, FIUs from the Asia and Pacific Regional Group signed 20 MoUs with Egmont Group members and four with non-Egmont Group members.
East and Southern Africa Regional Group

The East and Southern Africa Regional Group is comprised of FIUs from jurisdictions that are members of the East and Southern Africa Anti-Money Laundering Group (ESAAMLG). During the reporting period, seven FIUs were members of the East and Southern Africa Regional Group. 11 candidate FIUs from ESAAMLG are still non-Egmont Group members (FIUs of Botswana, Ethiopia, Kenya, Lesotho, Madagascar, Mozambique, Rwanda, Swaziland, Uganda, Zambia and Zimbabwe), while one observer member to the ESAAMLG is also a potential member of the Egmont Group (FIU Burundi).

With only seven Egmont Group members in the region and 11 possible Egmont Group candidates, the East and Southern Africa Regional Group focused its efforts on finding sponsors for the membership process of those FIUs that are ready to join the Egmont Group.

HIGHLIGHTS OF THE ACTIVITIES IN THIS REGIONAL GROUP INCLUDED:

» The ESAAMLG HoFIUs’ agreement to carry out a regional human resources and remuneration benefits survey to determine best practices with regard to remuneration and other benefits for FIU staff in the region. The HoFIU also agreed that members would provide a report on how their FIUs had implemented the recommendations from the report: Principles and Best Practices for Safe Guarding and Protection of FIU Information.

» FIC, South Africa continued to provide technical assistance to a number of FIUs in the region (FIUs of Botswana, Lesotho, Swaziland, Uganda, Zambia and Zimbabwe). This assistance focused on improving analytical capability, building a coordinated supervisory framework and conducting legislative reviews. The beneficiaries of this technical assistance subsequently agreed to an action plan with FIC, South Africa to enhance their overall operational capacity and coordination of supervisory actions in their respective countries.

» FIU, Seychelles hosted a Regional Financial Investigations and Asset Recovery training course attended by FIU officials from Ethiopia, Kenya, Madagascar, Mauritius, Seychelles, and Tanzania.

» ESAAMLG FIUs, with the support of the ESAAMLG Secretariat, conducted an exercise to map their progress in implementing the FIU-related FATF Standards. The findings indicated that while ESAAMLG countries had made some progress towards the implementation of the FATF Standards (in relation to the technical requirements), their effectiveness in updating their practices in response to the FATF Standards continues to evolve.

» FIUs in the East and Southern Africa Regional Group were active in sponsoring non-member FIUs in the Egmont Group membership process:
  • FIC, South Africa conducted Egmont Group membership readiness exercises with the FIUs of Uganda and Zimbabwe to assess the extent to which they met the Egmont Group’s membership criteria. The participants identified remaining gaps and agreed on an action plan used to monitor progress made on a regular basis; and
  • FIC, Namibia provided a preliminary legal review of the Egmont Group membership process of FIC, Zambia, while FIU, Tanzania provided a preliminary legal review of the Egmont membership process of FIA, Uganda. The sponsors, FIC, South Africa and FIA, Malawi, also agreed to conduct an Egmont Group onsite visit to FIC, Zambia in order to move forward with the Egmont Group membership process.

During this reporting period, FIUs from the East and Southern Africa Regional Group signed two MoUs with Egmont Group members and one with a non-Egmont Group member.
Eurasia Regional Group

The Eurasia Regional Group is comprised of FIUs from jurisdictions that were members of the Eurasian Group (EAG). FIUs from six jurisdictions in EAG were members of the Eurasia Regional Group, namely DFM, Belarus; Finmonitoring, Kazakhstan; SFIS-Kyrgyzstan; Rosfinmonitoring, Russian Federation; FMD, Tajikistan; and FIU-Uzbekistan.

The Eurasia Regional Group engaged regularly with FIU-Turkmenistan on the next steps necessary to comply with the revised Egmont Group membership requirements. In November 2016, Rosfinmonitoring-Russian Federation completed an onsite mission to Ashgabat as co-sponsor for Turkmenistan. However, the discussions in January 2017 in Doha, Qatar, resulted in recommendations for the Turkmen FIU to address some remaining concerns with regard to its operational independence and autonomy.

HIGHLIGHTS OF THE ACTIVITIES IN THIS REGIONAL GROUP INCLUDED:

» The Heads of Eurasia Regional Group FIUs met in New Delhi, India from 7 - 11 November 2016, on the margins of the 25th EAG Plenary. During this meeting the HoFIU endorsed the proposal to regularly undertake ‘Operation Barrier’, to detect and identify persons involved in international terrorist activities, including those providing financial and ideological support to terrorists.

» The FATF Joint Experts Meeting and Risk Assessment Workshop held in Moscow from 24 - 27 April 2017. This meeting provided attendees with an opportunity to examine and discuss global efforts to combat ISIL financing; professional ML networks; and the role of shadow intermediaries in hiding the beneficial ownership of assets or obfuscating transactions.

» The Russian Federation, Belarus, and Uzbekistan shared information on the implementation of the FATF typology report on Detecting Terrorist Financing: Relevant Risk Indicators during the 26th EAG Plenary in Bishkek, Kyrgyzstan (22 – 26 May 2017). SFIS, Kyrgyzstan and Rosfinmonitoring, Russian Federation shared their practical experience in implementing bilateral freezing mechanisms against persons associated with terrorism. The Plenary approved the final report on FTFs’ unified financial profile in the EAG region, which had extended the findings of Phase I of the Egmont Group’s ISIL Project to the EAG-specific environment.

» Experts from the Russian Federation shared analysis methodologies, experiences, and successful cases relating to FIU cooperation with LEAs at training sessions held during the Egmont Group meetings in Doha and Macao.

» The Eurasia Regional Group used videoconference facilities to deliver training on the following topics:

  • Typologies and Methods used to Detect and Analyse Potential Corruption Activities by Tools of Data Visualisation Analysis (March 2017); and
  • Methodologies for using Data Visualisation Analysis Tools by FIUs (April 2017).

Each training course was attended by approximately 40 officials from the FIUs of Rosfinmonitoring, Russian Federation; DFM, Belarus; Finmonitoring, Kazakhstan; SFIS, Kyrgyzstan; FMD, Tajikistan; and FIU-Uzbekistan.

» The International Training and Methodology Centre for Financial Monitoring (ITMCFM) translated the Egmont Group’s TATWG e-learning content relating to Operational Analysis, Corporate Vehicles and Financial Products with a view to using it in future regional training initiatives.

» Rosfinmonitoring, Russian Federation and DFM, Belarus participated in the Egmont Group’s 2017 Best Egmont Case Award (BECA) Competition. Rosfinmonitoring was selected as the winner of this year’s BECA during the 24th Egmont Group Plenary held in Macao.

During this reporting period, FIUs from the Eurasia Regional Group signed nine MoUs with Egmont Group members.
Europe I Regional Group

The Europe I Regional Group is comprised of 30 FIUs. There were no Egmont Group candidate FIUs in the region as the FIUs of all current EU Member States were Egmont Group members.

HIGHLIGHTS OF THE ACTIVITIES IN THIS REGIONAL GROUP INCLUDED:

» The FIU, Germany’s transition from a law enforcement-type FIU to an administrative-type FIU on 26th June 2017.

» Debate on the international information exchange process triggered by STRs/SARs on associated predicate offences. Discussions highlighted the extent of differences in legal situations across EU Member States with some FIUs required to share STRs/SARs regarding predicate offences even if they were only in the stage of attempt (with no transfer of money occurring).

» Consideration of the regional international information exchange processes triggered by a request from a law enforcement agency. There was agreement across the region that all such requests were required to clearly state the origin (‘trigger’) of the request, its purpose and the intended use of the data after the receipt of information from the responding FIU.

» Europe I Regional Group members met with FinCEN, USA representatives on the new EU/US Data Privacy and Protection Agreement (DPPA). It was agreed that further steps should be taken in order to identify the impacts of the DPPA on FIU-level international information exchange.

During this reporting period, FIUs from the Europe I Regional Group signed 25 MoUs with Egmont Group members and two MoUs with non-Egmont Group members.
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<th>Europe I Regional Group</th>
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<td>2. Belgium (CIRGCI)</td>
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<td>6. Czech Republic (FAUCI)</td>
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<td>7. Denmark (FIU/Dbm)</td>
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<td>8. Estonia (Estonian FII)</td>
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<td>9. Finland (RAF)</td>
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<td>13. Hungary (FBEL)</td>
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<td>26. Slovakia (FI)</td>
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<td>27. Slovenia (GMP)</td>
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<td>28. Spain (SEPRA)</td>
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<td>29. Sweden (FIR)</td>
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<td>30. United Kingdom (NCA)</td>
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Europe II Regional Group

The Europe II Regional Group is comprised of 23 FIUs from jurisdictions that were members of the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL). There were no Egmont Group candidate FIUs in the region as the FIUs of all current MONEYVAL member states were Egmont Group members.

HIGHLIGHTS OF THE ACTIVITIES IN THIS REGIONAL GROUP INCLUDED:

» A four-day training course organised by FIU-IOM, Isle of Man and the UK’s National Terrorist Financial Intelligence Unit. This TF training course was attended by all of the FIU-IOM, Isle of Man staff, together with representatives from local law enforcement agencies and a representative from GCID GFIU, Gibraltar.

» Participation in a regional project, iPROCEEDS – Cooperation on Cybercrime under the Instrument of Pre-accession (IPA). The objective of the project was to strengthen the capacity of authorities in the IPA region to search, seize and confiscate cybercrime proceeds, and prevent cyber-enabled ML. Participating institutions included FIUs, Financial Police Offices, Ministries of Justice, Interior Ministries, Public Prosecutor Offices, and the Academy for Judges and Public Prosecutors. FIUs from Albania, Bosnia and Herzegovina, Montenegro, Serbia, the Republic of Macedonia, Turkey, and Kosovo participated in the project.

During this reporting period, FIUs from the Europe II Regional Group signed three MoUs with Egmont Group members and one with non-Egmont Group members.
Middle East and Northern Africa Regional Group

The Middle East and Northern Africa Regional Group is comprised of FIUs from jurisdictions that were members of the Middle East and Northern Africa Financial Action Task Force (MENAFATF). During the reporting period, 13 FIUs were members of the Middle East and Northern Africa Regional Group. The latest admissions to the Regional Group included KwFIU, Kuwait and FIU Sudan which were admitted as Egmont Group members during the 24th Egmont Group Plenary in Macao.

Highlights of the activities in this Regional Group included:

» Two Egmont Group meetings hosted by QFIU, Qatar during the reporting interval.

» Three meetings of the Regional HoFIUs (two in Qatar and one in Kuwait) with topics covering:
  • Cooperation with United National Office on Drugs and Crime;
  • Updates on EG Working Group Activities and Projects;
  • Updates on the status of candidate FIUs from the Middle East and Northern Africa Region; and
  • Discussions about FATF decisions and the Role of FIUs in Obtaining Information on Beneficial Ownership.

» FIUs in the Middle East and Northern Africa Regional Group were active in sponsoring non-member FIUs in the Egmont Group membership process:
  • EMLCU, Egypt and SAFIU, Saudi Arabia completed onsite missions to FIU Sudan in preparation for their Egmont Group membership application; and
  • FID, Bahrain; EMLCU, Egypt; and FinCEN, USA completed onsite missions to KwFIU, Kuwait in preparation for their Egmont Group membership application.

During this reporting period, FIUs from the Middle East and Northern Africa Regional Group signed four MoUs with Egmont Group members.
Middle East and Northern Africa Regional Group

1. Algeria (CTR)
2. Bahrain (FDI)
3. Egypt (FAMCU)
4. Jordan (AMLJ)
5. Kuwait (KwFJU)
6. Lebanon (SK)
7. Morocco (UIRM)
8. Qatar (QFJU)
9. Saudi Arabia ( SAFRU)
10. Sudan (RU Sudan)
11. Syria (CMUC)
12. Tunisia (CTAF)
13. United Arab Emirates (AMSCU)
West and Central Africa Regional Group

The West and Central Africa Regional Group is comprised of FIUs from jurisdictions that were members of the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA) or the Task Force on Money Laundering in Central Africa (GABAC). During the reporting period, 12 FIUs were members of the West and Central Africa Regional Group.

The highlight for the reporting period was the establishment of the FIUs Network of Lake Chad Basin. In the Lake Chad Basin, many regional observers noticed that the plurality of cross-border actors, the diversity of the economic and social exchange networks; and the movement of people and goods offered many opportunities for Boko Haram to recruit terrorists and obtain resources. This was particularly true in the south of Lake Chad, and the Sudanese border at Maiduguri. In response to this, six FIUs (FIU of Benin; NAFI, Cameroon; CENTIF-Mali; CENTIF, Niger; NFIU, Nigeria; and ANIF, Chad) established a multilateral regional initiative to fight TF linked to Boko Haram in the Lake Chad Basin and improve the effectiveness of information sharing between the FIUs and their partners.

Over the reporting period several meetings were held (in Niamey, Yaoundé, and Abuja) with the six FIUs involved in this multilateral information sharing project directly facilitating access to relevant information, working to overcome any identified barriers to information sharing and increasing their engagement with the financial sector, national intelligence agencies and cross-border authorities.
COORDINATION WITH THE FATF AND FATF-STYLE REGIONAL BODIES (FSRBs)

The Egmont Group has long recognised that it is desirable for the Egmont Group to have a close working relationship with the FATF and FSRBs. The Egmont Group provides updates on its typologies work and training programs directly to these fora. During this reporting period:

» The Secretariats of the Egmont Group and the FATF and FSRBs were in constant contact on issues pertaining to the operational work undertaken by the Egmont Group.

» Egmont Group representatives attended the FATF Plenary and Working Group meetings in Paris and Valencia, providing updates to the:
  • Forum of FATF HoFIU;
  • Global Network Coordination Group; and
  • Risk, Trends and Methods Group.

» An Egmont Group Regional Representatives’ Meeting with delegates from the FATF and FSRBs was held in the margins of the 24th Egmont Group Plenary in Macao. This meeting is a permanent item on the Egmont Group’s Plenary week program and is intended to explore and foster the synergies between the Egmont Group’s Regional Groups and the FATF / FSRBs. This year’s discussions included items related to regional representation and enhanced cooperation between the FATF and the Egmont Group on issues of mutual interest.
CHAPTER V

Best Egmont Case Award (BECA)

The Best Egmont Case Award Competition is a TATWG initiative that encourages the Egmont Group member FIUs to present cases where exchange of financial intelligence has led to successful ML/TF investigations.

INTRAC, Indonesia and Rosfinmonitoring, Russian Federation were selected as the finalists of the 2017 BECA Competition. Rosfinmonitoring-Russian Federation was selected as the winner of this year’s BECA during the 24th Egmont Group Plenary held in Macao.
Case from INTRAC, Indonesia

The case of HF originates in a proactive analysis process conducted by INTRAC, Indonesia during August/September 2015.

The unit received information about a radical site which advertised invitations to donate, through the account of a foundation engaged in social, humanitarian, and religious affairs. The analysis of transaction records on the account of the foundation showed flows of funds from many parties, some of which were radicals. Some of the funds on the account were transferred directly to NK (wife of HF). Also, analysis showed a pattern where the funds on the foundation account were transferred first to the account of the foundation’s board, on behalf M and B, and then from the account of the foundation’s board the funds were further transferred to HF. The analysis of HF’s account and his wife’s account showed transactions between each other, and there was a pattern of cash transactions and transfers with affiliated parties, some of which were ISIS/terrorist suspects.

Queries on the International Funds Transfer Instruction (IFTI) database on the name of HF showed two fund transfers received from Syria. It was confirmed that the remittances from Syria were ordered by terrorist BN with the purpose of using the funds for accommodation, acquisition of flight tickets, passports, etc., to dispatch Indonesian citizens to join ISIS in Syria. One such Indonesian citizen is IF who had died in Syria.

HF was also recorded transferring funds to six recipients in the Philippines. It was confirmed that the funds were intended for the purchase of illegal firearms.

In September 2015, INTRAC, Indonesia submitted the results of its analysis to Special Detachment 88 (investigator specialised in terrorism crime). In January 2016, Special Detachment 88 investigated HF on alleged terrorism financing related to the flow of funds in HF accounts and terrorism acts related to the possession of nine illegal firearms and active bullets, found when investigators conducted a search in HF’s rented house. During investigations it was determined that HF intended to conduct acts of terrorism in the arrivals terminal of an international airport in Indonesia, an international school, and other public areas located in Bali and Lombok. In court, HF was proven guilty of committing the crime of terrorism and terrorism financing.

1. Mr. S. is the owner one of the clothing shop, herbs drug seller
2. No information from Densus related Mr. S.
Analytical Tools

ONSITE EXAMINATION (PENELITIAN SETEMPAT)
PPATK can request and receive information from the reporting party. To obtain comprehensive information, PPATK can conduct the on-site visit to financial service providers.

INTEGRATED CUSTOMER INFORMATION SYSTEM (SIPESAT)
Database that contains customer specific information on the FSP.

CITIZENSHIP DATABASE, STR, OPEN SOURCE INFORMATION

INTERNATIONAL FUND TRANSFER INSTRUCTION (IFTI)
Contains instruction of transfer to and from abroad into the country reported by FSP who conduct international money service.
Case from Rosfinmonitoring, Russian Federation

Rosfinmonitoring, Russian Federation conducted a financial investigation against individuals suspected of a large-scale embezzlement of budgetary funds allocated for the construction of some public purpose facilities.

A criminal group composed of high-level ministerial officials and businessmen concluded numerous state procurement contracts, fraudulently overpriced, for the purpose of embezzling the budgetary funds. A significant portion of funds was transferred to certain shell companies under their control, as payment for the subcontracted works. The work prescribed under the state contracts have not been performed in full nor properly. The approximate amount of damage was estimated to be USD 225 million.

For the purpose of legalization (laundering), the misappropriated funds were fragmented in portions of USD 75 million and transferred to cash sites that were operational in different regions of the Russian Federation. Another portion of funds, totalling about USD 55 million, were laundered via multiple sales and purchases of promissory notes that were further transferred to a legal entity controlled by the scheme mastermind to be eventually presented for redemption.

Part of the criminal proceeds were externalised from the Russian Federation as payment for the fictitious import of construction equipment. Further, the funds were accumulated on the Latvian accounts of the controlled companies registered in offshore jurisdictions. After that, the funds were placed into a security deposit held within a Latvian bank. In parallel, the bank issued a loan to the Russian company controlled by the criminal scheme beneficiary. The loaned amount matched the deposited amount - USD 75 million. After the loan issue, the funds were transferred under the assignment contract to settle the loan. Thus, the funds were laundered abroad and returned to Russia disguised as issuing a loan.
Part of the laundered funds were invested into businesses controlled by the criminal group in Russia. Some of the funds were spent on expensive real estate property, vehicles, and luxury goods both in Russia and abroad.

At the national level, Rosfinmonitoring, Russian Federation worked closely together with law enforcement, supervisory agencies, and credit institutions. The FIU used its powers to obtain all the relevant information, including the bank statements, data on operations with securities and on the beneficiaries.

Rosfinmonitoring-Russian Federation was cooperating with more than 15 FIU members of the Egmont Group. The relevant data on the subjects’ movable and immovable property, bank statements of the foreign companies’ accounts, and information about their beneficiaries was received either by request or voluntarily.

Over 20 individuals, including high-level ministerial officials, were identified as suspects and were eventually arrested. The Russian law enforcement authority instigated the criminal cases under Article 159 (Fraud) and Article 210 (Formation of a Criminal Conspiracy) of the Russian Criminal Code and carried out a set of measures to record the illegal activity and institute additional criminal cases under Articles 174 and 174.1 (The Legalization (Laundering) of Funds and Other Assets) of the Russian Criminal Code. The Russian court has ordered a seizure of the suspects’ accounts, assets, and movable and immovable property.
### Key Result Area 1
Enhance Effective Information Exchange between FIUs

- Promote the timely exchange of high quality information (according to R40).
- Monitor compliance with Egmont Group standards (consistent with R29 and R40).
- Promote the use of secure forms of information exchange.

### Key Result Area 2
Facilitate Adherence to International Standards, Develop and Share Expertise of FIUs

- Develop and promote operational guidance for FIUs.
- Interpret legal issues arising from standards.
- Address operational issues arising from standards.
- Enhance FIUs’ capacities.
- Build expertise of FIUs on ML and TF issues.

### Strategic Focus Area 1
External Relations and Cooperation with Partner Organisations

- Promote regional cooperation.
- Better align Egmont Group strategic direction and priorities to relevant international organisations (e.g. FATF, FSRBs, IMF, WB, UNODC, OSCE, etc.).
- Promote cooperation with other international organisations with AML/CFT mandates.
- Support non-members in their efforts to become Egmont Group members.

### Strategic Focus Area 2
Build and Maintain an Effective and Sustainable Organisation

- External Relations and Cooperation with Partner Organisations
- Ensure financial sustainability.
- Strengthen Egmont Group governance.
ANNEX B: LIST OF EGMONT GROUP MEMBER FIUS

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<thead>
<tr>
<th>Afghanist (FinTRACA)</th>
<th>Croatia (AMLLO)</th>
<th>Korea, Republic of (KoFIU)</th>
<th>Russian Federation (Rosfinmonitoring)</th>
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<tr>
<td>Albania (GDPMML)</td>
<td>Cuba (DGIOF)</td>
<td>Kosovo (NJIF-K)</td>
<td>Saint Kitts and Nevis (FIU-SKN)</td>
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<td>Algeria (CTRF)</td>
<td>Curaçao (FIU Curaçao)</td>
<td>Kuwait (KwFIU)</td>
<td>Saint Lucia (FIA-St. Lucia)</td>
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<td>Andorra (FIUAND)</td>
<td>Cyprus (MOKAS)</td>
<td>Kyrgyz, Republic of (SFIS)</td>
<td>Saint Vincent and the Grenadines (FIU-SVG)</td>
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<td>Angola (UIF-Angola)</td>
<td>Czech Republic (FAU-CR)</td>
<td>Latvia (KDI)</td>
<td>Samoa (SFIU)</td>
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<td>Angola (MLRA)</td>
<td>Denmark (FIU Denmark)</td>
<td>Lebanon (SIC)</td>
<td>San Marino (FIA San Marino)</td>
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<td>Antigua and Barbuda (ONDCEP)</td>
<td>Dominica (FIU-Dominica)</td>
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<td>Netherlands (FIU-NL)</td>
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<td>Norway (EFE)</td>
<td>Turks &amp; Caicos (FCU)</td>
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<td>Philippines (AML)</td>
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<td>Portugal (UIF-Portugal)</td>
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<td>Vanuatu (FIU-Vanuatu)</td>
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<td>Côte d’Ivoire (CENTIF-CI)</td>
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<td>Romania (ONPCS)</td>
<td>Venezuela (UNIF)</td>
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### ANNEX C: EGMONT COMMITTEE COMPOSITION (JULY 2016 – JUNE 2017)

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Location</th>
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<tbody>
<tr>
<td>Chair</td>
<td>Egmont Group of Financial Intelligence Units</td>
<td>FIU-Peru</td>
</tr>
<tr>
<td>Vice-Chair</td>
<td>Egmont Committee (Regional Representative – MENA)</td>
<td>SIC, Lebanon</td>
</tr>
<tr>
<td>Vice-Chair</td>
<td>Egmont Committee (Regional Representative – Europe I)</td>
<td>FIU, Germany</td>
</tr>
<tr>
<td>Executive Secretary</td>
<td>Egmont Group of FIUs</td>
<td></td>
</tr>
<tr>
<td>ESW Representative</td>
<td>Egmont Committee</td>
<td>FinCEN, USA</td>
</tr>
<tr>
<td>Chair, Information Exchange Working Group</td>
<td>Deputy CEO, AUSTRAC</td>
<td>AUSTRAC, Australia</td>
</tr>
<tr>
<td>Chair, Membership, Support, and Compliance Working Group</td>
<td>Public Prosecutor, EFE</td>
<td>EFE, Norway</td>
</tr>
<tr>
<td>Chair, Policy and Procedures Working Group</td>
<td>Head of Legal Department, QFIU</td>
<td>QFIU, Qatar</td>
</tr>
<tr>
<td>Chair, Technical Assistance and Training Working Group</td>
<td>Head, FIU-NL, Netherlands</td>
<td>FIU-NL, Netherlands</td>
</tr>
<tr>
<td>Interim Chair, Technical Assistance and Training Working Group</td>
<td>Head, International Cooperation Department, EMLCU</td>
<td>EMLCU, Egypt</td>
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<tr>
<td>Regional Representative – Americas</td>
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<td>FIA, Bermuda</td>
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<td>Regional Representative – Asia and Pacific</td>
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<td>Fiji-FIU</td>
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<tr>
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<td>AMLD, Taiwan</td>
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<td>Regional Representative – East and Southern Africa</td>
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<td>FIU-Malawi</td>
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<td>Regional Representative – Eurasia</td>
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<td>Rosfinmonitoring, Russian Federation</td>
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<td>Regional Representative – Europe I</td>
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<td>Regional Representative – Europe II</td>
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<td>GDPML, Albania</td>
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<td>Regional Representative – Europe II</td>
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<td>MROS, Switzerland</td>
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<tr>
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### EGMONT COMMITTEE COMPOSITION AT THE BEGINNING OF THE REPORTING PERIOD, JULY 2016

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
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<tbody>
<tr>
<td>Chair</td>
<td>Egmont Group of Financial Intelligence Units</td>
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<tr>
<td>Vice-Chair</td>
<td>Egmont Committee (Regional Representative – MENA)</td>
<td></td>
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<tr>
<td>Vice-Chair</td>
<td>Egmont Committee (Regional Representative – Europe I)</td>
<td></td>
</tr>
<tr>
<td>Executive Secretary</td>
<td>Egmont Group of FIUs</td>
<td></td>
</tr>
<tr>
<td>ESW Representative</td>
<td>Egmont Committee</td>
<td></td>
</tr>
<tr>
<td>Chair, Information Exchange Working Group</td>
<td>Deputy CEO, AUSTRAC</td>
<td></td>
</tr>
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<td></td>
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<tr>
<td>Chair, Policy and Procedures Working Group</td>
<td>Head of Legal Department, QFIU</td>
<td></td>
</tr>
<tr>
<td>Chair, Technical Assistance and Training Working Group</td>
<td>Head, FIU-NL, Netherlands</td>
<td></td>
</tr>
<tr>
<td>Interim Chair, Technical Assistance and Training Working Group</td>
<td>Head, International Cooperation Department, EMLCU</td>
<td></td>
</tr>
<tr>
<td>Regional Representative – Americas</td>
<td></td>
<td></td>
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<tr>
<td>Regional Representative – Asia and Pacific</td>
<td></td>
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<tr>
<td>Regional Representative – Asia and Pacific</td>
<td></td>
<td></td>
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<tr>
<td>Regional Representative – East and Southern Africa</td>
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<tr>
<td>Regional Representative – Eurasia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Representative – Europe I</td>
<td></td>
<td></td>
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<tr>
<td>Regional Representative – Europe II</td>
<td></td>
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<tr>
<td>Regional Representative – West and Central Africa</td>
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# Egmont Committee Composition at the End of the Reporting Period

(Endorsed during the 24th Egmont Group Plenary in Macao, July 2017)

<table>
<thead>
<tr>
<th>Position</th>
<th>FIU/Region</th>
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<tr>
<td>Chair</td>
<td>Egmont Group of Financial Intelligence Units. FIU-NL, Netherlands</td>
</tr>
<tr>
<td>Vice-Chair</td>
<td>Egmont Committee (Regional Representative – MENA). SIC, Lebanon</td>
</tr>
<tr>
<td>Vice-Chair</td>
<td>Egmont Committee (Regional Representative – Americas). UIF-AR, Argentina</td>
</tr>
<tr>
<td>Executive Secretary</td>
<td>Egmont Group of FIUs</td>
</tr>
<tr>
<td>ESW Representative</td>
<td>Egmont Committee</td>
</tr>
<tr>
<td>ESW Representative</td>
<td>FinCEN, USA</td>
</tr>
<tr>
<td>Chair, Information Exchange Working Group</td>
<td>Deputy CEO, Austrac</td>
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<tr>
<td>Chair, Membership, Support, and Compliance Working Group</td>
<td>Public Prosecutor, EFE</td>
</tr>
<tr>
<td>Chair, Policy and Procedures Working Group</td>
<td>Head of Legal Department, QFIU</td>
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<tr>
<td>Interim Chair, Technical Assistance and Training Working Group</td>
<td>Head, International Cooperation Department, EMLCU</td>
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<tr>
<td>Regional Representative – Americas</td>
<td>FINTRAC-CANAFE, Canada</td>
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<tr>
<td>Regional Representative – Asia and Pacific</td>
<td>JFIU, Hong Kong</td>
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<tr>
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<td>Regional Representative – Eurasia</td>
<td>Rosfinmonitoring, Russian Federation</td>
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<tr>
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<td>HFIU, Hungary</td>
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<tr>
<td>Regional Representative – Europe I</td>
<td>TRACFIN, France</td>
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<td>FIU-IOM, Isle of Man</td>
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### ANNEX D: OBSERVER AND INTERNATIONAL PARTNER ASSOCIATED WEBSITES

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<thead>
<tr>
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<th>WEBSITE</th>
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<tbody>
<tr>
<td>Asia Pacific Group on Money Laundering (APG)</td>
<td><a href="http://www.apgml.org">www.apgml.org</a></td>
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<tr>
<td>Common Market for Eastern and Southern Africa (COMESA)</td>
<td><a href="http://www.comesa.int">www.comesa.int</a></td>
</tr>
<tr>
<td>Cooperation Council for The Arab States of The Gulf (GCC)</td>
<td><a href="http://www.gcc.sp.org">www.gcc.sp.org</a></td>
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<tr>
<td>Council of Europe Select Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL)</td>
<td><a href="http://www.coe.int/t/dghl/monitoring/Moneyval">www.coe.int/t/dghl/monitoring/Moneyval</a></td>
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<tr>
<td>Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)</td>
<td><a href="http://www.esaamlg.org">www.esaamlg.org</a></td>
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<tr>
<td>Eurasian Group on Combating Money Laundering and Financing Terrorism (EAG)</td>
<td><a href="http://www.eurasiangroup.org">www.eurasiangroup.org</a></td>
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<td>European Commission</td>
<td><a href="http://www.ec.europa.eu">www.ec.europa.eu</a></td>
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<td>Europol</td>
<td><a href="http://www.europol.europa.eu">www.europol.europa.eu</a></td>
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<td>Financial Action Task Force of Latin America (GAFILAT)</td>
<td><a href="http://www.gafiat.org">www.gafiat.org</a></td>
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<tr>
<td>Global Organization of Parliamentarians Against Corruption (GOPAC)</td>
<td><a href="http://www.gopacnetwork.org">www.gopacnetwork.org</a></td>
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<td>Groupe d’Action Contre Le Blanchiment En Afrique Centrale (GABAC)</td>
<td><a href="http://www.spagabac.org">www.spagabac.org</a></td>
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<td>Groupe Intergouvernemental d’Action Contre Le Blanchiment En Afrique (GIABA)</td>
<td><a href="http://www.giaba.org">www.giaba.org</a></td>
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<tr>
<td>Group of International Financial Centre Supervisors (GIFCS)</td>
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<tr>
<td>International Monetary Fund (IMF)</td>
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<tr>
<td>Middle East and North Africa Financial Action Task Force (MENAFATF)</td>
<td><a href="http://www.menafatf.org">www.menafatf.org</a></td>
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<tr>
<td>Organization for Security and Co-operation in Europe (OSCE)</td>
<td><a href="http://www.osce.org">www.osce.org</a></td>
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<tr>
<td>United Nations Office On Drugs and Crime (UNODC)</td>
<td><a href="http://www.unodc.org">www.unodc.org</a></td>
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<tr>
<td>World Bank</td>
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<td>World Customs Organization (WCO)</td>
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</table>

<table>
<thead>
<tr>
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<td>Camden Asset Recovery Interagency Network (CARIN)</td>
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<td>Comisión Interamericana para el Control del Abuso de Drogas (CICAD-OAS)</td>
<td><a href="http://www.assetrecovery.org/">http://www.assetrecovery.org/</a></td>
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<td>Commonwealth Secretariat</td>
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<td>Council of Europe</td>
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<tr>
<td>European Union</td>
<td><a href="http://europa.eu/">http://europa.eu/</a></td>
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<td>International Association of Insurance Supervisors (IAIS)</td>
<td><a href="http://www.iaisweb.org/">http://www.iaisweb.org/</a></td>
</tr>
<tr>
<td>International Bar Association</td>
<td><a href="http://www.anti-moneylaundering.org/">http://www.anti-moneylaundering.org/</a></td>
</tr>
<tr>
<td>International Criminal Court (ICC)</td>
<td><a href="https://www.icc-cpi.int/">https://www.icc-cpi.int/</a></td>
</tr>
<tr>
<td>International Criminal Police Organisation (Interpol)</td>
<td><a href="http://www.interpol.com/">http://www.interpol.com/</a></td>
</tr>
<tr>
<td>International Money Laundering Information Network (IMoLIN)</td>
<td><a href="http://www.imolin.org/">http://www.imolin.org/</a></td>
</tr>
<tr>
<td>International Organization of Securities Commissions (IOSCO)</td>
<td><a href="http://www.iocso.org/">http://www.iocso.org/</a></td>
</tr>
<tr>
<td>International Organization of Supreme Audit Institutions (INTOSAI)</td>
<td><a href="http://www.intosai.org/">http://www.intosai.org/</a></td>
</tr>
<tr>
<td>Organisation for Economic Co-operation and Development (OECD)</td>
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</tr>
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<td>UN 1267 Committee</td>
<td><a href="http://www.un.org/sc/committees/1267">http://www.un.org/sc/committees/1267</a></td>
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<td>United Nations International Drug Control Programme (UNODC)</td>
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<td>Wolfsberg Group</td>
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<tr>
<td>World Bank – AML/CFT</td>
<td><a href="http://www.amlcft.org/">http://www.amlcft.org/</a></td>
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</table>
ANNEX E: GLOSSARY OF TERMS

» AEP – Analyst Exchange Program
» AML – Anti-Money Laundering
» APG – Asia Pacific Group on Money Laundering
» BEC – Business Email Compromise
» BECA – Best Egmont Case Award
» CFT – Counter Financing of Terrorism
» CORFIN – Corporate Vehicles and Financial Products
» CT – Counter Terrorism
» DPPA – EU/US Data Privacy and Protection Agreement
» EAG – Eurasian Group on Combating Money Laundering and Financing of Terrorism
» EBC – Egmont Biennial Census
» EC – Egmont Committee
» ECOFEL – Egmont Centre of FIU Excellence and Leadership
» EGS – Egmont Group Secretariat
» ESAAMLG – Eastern and Southern Africa Anti-Money Laundering Group
» ESW – Egmont Secure Web
» EU – European Union
» FATF – Financial Action Task Force
» FISMM – FIU Information System Maturity Model
» FSRB – FATF-Style Regional Bodies
» FIU – Financial Intelligence Unit
» FTF – Foreign Terrorist Fighter
» GABAC – Task Force on Money Laundering in Central Africa
» GAFILAT – Financial Action Task Force of Latin America
» GIABA – Inter-Governmental Action Group against Money Laundering in West Africa
» HoFIU – Heads of Financial Intelligence Units
» IEWG – Information Exchange Working Group
» ISIL – Islamic State of Iraq and the Levant
» IT – Information Technology
» LEA – Law Enforcement Authority
» ME – Mutual Evaluation
» MENA – Middle East and Northern Africa
» MENAFATF – Middle East and Northern Africa Financial Action Task Force
» ML – Money Laundering
» MONEYVAL – Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
» MoU – Memorandum of Understanding
» MSWG – Membership, Support, and Compliance Working Group
» OAC – Operational Analysis Course
» PPWG – Policy and Procedures Working Group
» REP – Regulatory Exchange Program
» SAR – Suspicious Activity Report
» SEC-FIU – Securing an FIU
» StAR – World Bank’s Stolen Asset Recovery Initiative
» STR – Suspicious Transaction Report
» TATWG – Technical Assistance and Training Working Group
» TF – Terrorist Financing