(Cabinet Order of 29 September No. 576)

**Plan of Measures for the Prevention of the Money Laundering, ‎Terrorism and Proliferation Financing for 2020-2022**

# Abbreviations

|  |  |
| --- | --- |
| MoD‎5AMLD‎UN SCUSA MoFADSIEgmont Group | Ministry of Defence‎Directive (EU) 2018/843 of the ‎European Parliament and of the Council of 30 May 2018 amending ‎Directive (EU) 2015/849 on the prevention of the use of the financial ‎system for the purposes of money laundering or terrorist financing, and ‎amending Directives 2009/138/EC and 2013/36/EU‎United Nations Security CouncilUnited States of AmericaMinistry of Foreign AffairsData State InspectorateEgmont Group of Financial Intelligence Units |
| MoEEU | Ministry of EconomicsEuropean Union |
| FATFFIU | Financial Action Task ForceFinancial Intelligence Unit |
| FCMC | Financial and Capital Market Commission |
| MoF | Ministry of Finance |
| FSDBGPOLGSIIBFICISB | Financial Sector Development BoardProsecutor General's OfficeLotteries and Gambling Supervision InspectionInvestment Brokerage Firms Information Centre of the Ministry of the InteriorInternal Security Bureau |
| MoILPAIFITIKSIOIMFISIT | Ministry of the InteriorLatvian Prison AdministrationInternational Financial Intelligence Task ForceInternal Control SystemImmediate OutcomeInvestment Management FirmsInformation SystemInformation Technology |
|  |  |
| CL | Criminal Law |
| MoCKNABCPL | Ministry of CultureCorruption Prevention and Combating BureauCriminal Procedure Law |
| LAS ABLVLatvijas VēstnesisBoLLDDKFLALIDA | Joint Stock Company “ABLV Bank” - in liquidationState limited liability company ‘Latvijas Vēstnesis”Latvijas Banka (Bank of Latvia)Latvian Employers ConfederationFinance Latvia AssociationLatvian Investment and Development Agency |
|  |  |
| Subjects of LawLACIPALV PortalLCSALCSNLACAPI/EMICabinetICS | Subjects of the Law on the Prevention of Money Laundering and Terrorism and Proliferation FinancingLatvian Association of Certified Insolvency Proceedings Administrators“Latvijas Vēstnesis” portal “Cilvēks.Valsts.Likums” (address: lvportals.lv)Latvian Council of Sworn AdvocatesLatvian Council of Sworn NotariesLatvian Association of Certified AuditorsPayment Institutions and Electronic Money InstitutionsCabinet of MinistersInsolvency Control Service |
| MONEYVALMONEYVAL reportMPMLAML | Council of Europe Committee of Experts on the Evaluation of the Anti-Money Laundering Measures and the Financing of TerrorismReport of the Fifth Round of evaluations on the effectiveness of the AMLTPFP system approved at the MONEYVAL plenary session of 4 July 2018Military PoliceMoney launderingAnti-Money Laundering |
| ML/FT | Money laundering and terrorist financing |
| AML/CFTML/FTPAML/CFTPLaw on PMLTPFNCIMNCCHDNFBP | Anti-money laundering and combating financing of terrorismMoney laundering and financing of terrorism and proliferationAnti-money laundering and combating financing of terrorism and proliferationLaw on the Prevention of Money Laundering and Terrorism and Proliferation FinancingNational Criminal Intelligence ModelNational Council of Cultural HeritageDesignated Non-Financial Businesses and Professions |
| NRANGO | National Risk AssessmentNon-Governmental Organisations |
| OECDPFPlanBOPSDG | Organisation for Economic Cooperation and DevelopmentProliferation financingPlan of Measures for the Prevention of Money Laundering, ‎Terrorism and Proliferation Financing for 2020-2022Beneficial ownerPermanent Interinstitutional Working Group — Working group on the Development of Guidelines on Money Laundering, established by the order of the Chief of the State Police, No. 106 of 7 January 2019 |
|  |  |
| CRPCCPB | Consumer Rights Protection CentreThe Constitution Protection Bureau of the Republic of Latvia |
| CATFCIS | Court AdministrationTerrorism financingCourt Information System |
| MoJSCA | Ministry of JusticeSupervisory and control authorities in the field of AML/CFT |
| RoE | Register of Enterprises |
| LSPA | Latvian School of Public Administration |
| VDDSRSSC | State Security ServiceState Revenue ServiceState Chancellery |
| SP | State Police |
| SBG | State Border Guard |

**I Summary**

The plan is developed by updating the “Plan of Measures for the Prevention of Money Laundering, ‎Terrorism and Proliferation Financing for 2020-2022” approved by the Cabinet order No. 653 of 23 December 2019. The Plan was updated after the publication of the MONEYVAL Latvia follow-up report on 22 January 2020 and the assessment of the effectiveness of AML/CFTP of Latvia as approved by the FATF at the plenary session of February 2020. In light of the recommendations made in the above assessments, the plan was amended accordingly. The update of the plan was carried out under the guidance of the MoI, summarizing the proposals submitted by the authorities responsible for the implementation of the courses of action. A new version of the plan has been prepared in order to provide an overview of the amendments to the plan.

The plan builds on international, national and sectoral risk assessments, recommendations from international organisations and the results of the implementation of the “Plan of Anti-Money Laundering and Counter-Terrorism Financing Measures for the Period of Time till ‎‎31 December 2019‎” The plan complies with the government's priorities set out in the Declaration on the planned activities of the Cabinet of Ministers led by Arturs Krišjānis Kariņš, measures of the Government Action Plan for the implementation of this Declaration, as well as the horizontal priority of the Financial Sector Development Plan 2017-2019 - improvement of AML/CFTP compliance of the financial sector and raising the national reputation. The achievement of the objectives of the plan is closely linked to the achievement of the objectives set out in several other policy planning documents.

The aim of the plan is to strengthen Latvia's capacity to fight ML, TF and PF and to monitor the implementation of the AML/CFTP regime requirements, reduce overall risks of ML, TF and PF, thereby ensuring compliance with international obligations and standards in the field of prevention of ML/FTP and promoting public security, the competitiveness of the economic environment and confidence in the jurisdiction of Latvia.

Measures of the plan are grouped into 11 courses of action, according to the immediate outcomes of the AML/CFTP system as enshrined in the FATF standards and applied in the MONEYVAL fifth round of evaluations.

The annexe to the Plan reflects the calculation of additional financial resources required to implement the measures provided for in the plan. The Law On State Budget for 2020 stipulates that the funds in the amount of 10 mln. EUR must be budgeted for the prevention of money laundering and financing of terrorism and proliferation in accordance with the plan.

**II Background**

At the Cabinet meeting of 14 April 2020, the “Informative report on the fulfilment of tasks of the delegation of the Republic of Latvia in the Council of Europe Committee of Experts on the Evaluation of the Anti-Money Laundering Measures and the Financing of Terrorism and the Financial Action Task Force” was reviewed. The informative report (hereinafter — the Report) was prepared in accordance with the Cabinet Order No. 360 of 17 July 2019, which provides for the establishment of a delegation of the Republic of Latvia with the task of representing Latvia's interests in the evaluation processes carried out by MONEYVAL and FATF, demonstrating the progress made by Latvia, including participation in the plenary session of MONEYVAL in December 2019, the first plenary session of FATF in 2020 and other meetings within the framework of these processes, and to submit a report to the Cabinet on the implementation of the delegation's task.

The Report provided information that in December 2019 MONEYVAL reviewed the technical compliance progress report submitted by Latvia, which provides information and expert assessment on Latvia's progress in improving the regulatory framework to comply with FATF 40 recommendations. Following the evaluation of the progress report, the implementation of 7 of the FATF 40 technical compliance recommendations was assessed as fully compliant and 33 - as mostly compliant.

Although the Latvian regulatory framework has generally been assessed as in compliance with all 40 FATF recommendations, it is important to note that Latvia is still under the enhanced supervision of MONEYVAL, and Latvia should continue to provide regular reporting on progress and achieved results of AML/CFTP activities. Latvia is to submit its next report to MONEYVAL at its first plenary session in 2021.

In February 2020, the FATF plenary session examined the efficiency progress report submitted by Latvia, which reflects the effective application of the regulatory framework in the fight against ML/FTP. After evaluating the efficiency report, experts have confirmed that Latvia has been able to show a significant and positive result in regard to all ten immediate outcomes previously assessed with a low or average rating, as well as demonstrated its commitment to the fight against economic and financial crime, thereby strengthening national security, prosperity, sustainability and reputation.

Thanks to the joint efforts of the Latvian government, SCA, FIU and law enforcement authorities and their efforts to address the deficiencies in the field of AML/CFTP, FATF experts have acknowledged that Latvia has established a strong and sustained financial crime prevention system and will not be included in the so-called “grey list”.

Although the stated goal - to organise the financial crime prevention system and to ensure compliance of the Latvian AML/CFTP system with international requirements has been achieved, the work has to be continued, including with regard to the recommendations given by FATF experts and further actions to be carried out in each of the courses of action. At the same time, it is emphasized that Latvia should pay increased attention and contribute resources to combat and prevent local corruption.

The following major amendments have been made to the plan:

1. Complementing and updating the guidelines will ensure that SCA, FIU and investigating institutions can quickly, constructively and efficiently provide the widest international cooperation in regard to AML, related initial offences and financing of terrorism in accordance with the requirements of the FATF 40 recommendations.
2. In 2022, it is planned to organise an international plenary meeting of the Egmont Group in Riga;
3. To ensure the controlled voluntary liquidation process of LAS ABLV, the range of the responsible institutions has been expanded by including FIU, SP, SRS, KNAB, VDD;
4. it is planned to develop a unified website www.sankcijas.gov.lv for screening of persons subject to sanctions, as well as the established restrictions;
5. it is planned to implement the technical assistance project of the Department of the Treasury's Office of Technical Assistance;
6. the deadline for the task of introducing a system for conducting parallel financial investigations in all investigating institutions has been shortened by five months;
7. it is specified that at least 10 criminal proceedings are being initiated per year for non-declaration or false declaration and/or laundering of cash;
8. it is specified that at least 3 criminal proceedings are being submitted for prosecution per year for non-declaration or false declaration and/or laundering of cash;
9. an evaluation of the implementation of the mechanism for confiscation of property outside criminal proceedings will be carried out;
10. amendments will be made to national laws and regulations in relation to EU requirements for the control of cash brought into or out of EU territory;
11. clarifying the wording of the measures, their planned operating results, performance indicators and deadlines, more uniform progress is ensured towards achieving the overall objectives of the plan and clearer criteria for assessing the implementation of the measures. At the same time, for a number of measures, the responsible and co-responsible authorities have been changed, and a number of measures have been moved to a more appropriate course of action.

Certain activities have already been implemented and have therefore been deleted from the plan:

1. a methodology has been developed for reporting to the RoE in cases where the subjects of the law, SCA have established that the information on the BO is not in line with the information recorded in the registers kept by the RoE;
2. a summary of the NGO ML/FTP risk assessment has been prepared and published, indicating the factors that increase the possibility of exploiting the NGO sector for malicious purposes;
3. an assessment of the potential connection of NGOs to TF risks has been performed.

The implementation of the plan requires additional funding for the following key activities:

1. EUR 83 000 in 2021 and EUR 747 000 in 2022 to FIU for the organisation of the international plenary session of the Egmont Group in Riga;
2. EUR 111 950 in 2021 for the MoFA to develop a single website for the screening of sanctioned persons as well as the restrictions imposed;
3. EUR 64 643 in 2021 and EUR 108 224 in 2022 and yearly thereafter for the creation of two posts in DSI, as well as for auditor services to ensure the licensing and monitoring of the users of the customer due diligence tool (*shared KYC utility*);
4. EUR 116 955 in 2020, EUR 335 462 in 2021 and in 2022 to FIU in order to ensure the process of disbursement of creditor claims complying with the requirements of the Law on PMLTPF regarding LAS ABLV - engaging 10 employees for analysis, collection and transmission of reports on suspicious transactions to law enforcement authorities;
5. EUR 55 774 in 2021, EUR 51 374 in 2022 and yearly thereafter, in order to strengthen the capacity of the ICS - for the creation of 2 new posts;
6. EUR 961192 in 2021, EUR 934 696 in 2022 and yearly thereafter to the SP to strengthen the capacity of the labour resources at the disposal of the SP and the capacity to fully process and investigate potentially increasing amount of information to be verified and the number of criminal proceedings in the field of the ML - to provide funding for the establishment of 23 new posts in the SP Main Criminal Police Board Economic Crime Combating Administration and Criminal Intelligence Administration;
7. EUR 32 161 in 2021, EUR 29 937 in 2022 and yearly thereafter for the post of a scientific assistant/consultant in court;
8. EUR 23 492 in 2020, EUR 166 577 in 2021 and EUR 112 761 in 2022 and yearly thereafter for the creation of new posts in the public prosecutor's office: in 2020 - 2 new posts and 2 more posts in 2021;
9. EUR 365 100 in 2021, EUR 706 102 in 2022 and EUR 601 253 yearly thereafter for the creation of new posts in the KNAB - 9 posts in 2021 and 10 posts in 2022;
10. EUR 574 690 in 2021 and EUR 40 229 in 2022 to the SRS in order to make the necessary changes to IS to ensure registration of spent and unaccompanied cash declarations and exchange of information with the European Commission;
11. EUR 29 040 EUR to improve the international reputation of the Latvian financial sector in 2020.

As a whole, the financing of the planned activities is:

1. reduced by EUR 383 080 in 2020 (updated EUR 3 192 717);
2. increased by EUR 2 906 420 in 2021 (updated EUR 7 857 192);
3. increased by EUR 3 356 503 in 2022 (updated EUR 8 227 953);
4. increased by EUR 2 157 395 in 2023 (updated EUR 6 107 951);
5. increased by EUR 2 130 395 further each year (updated EUR 6 080 951).

The plan is based on the following international, national and sectoral risk assessments:

1. “Summary Report of Sectoral Money Laundering and Terrorism Financing Risk Assessment (2017-2018)”;
2. “National Terrorism and Proliferation Financing Risk Report 2017-2018” (updated in July 2019);
3. “Risks of Money Laundering and Terrorist Financing of Legal Entities and Non-Governmental Organisations”;
4. “Complemented Latvian National ML/FT Risk Assessment Report” (22 June 2018);
5. “Summary Report of Money Laundering and Terrorism Financing Risk of Professional Service Providers Assessment (2017-2018)”;
6. “Virtual currencies. Money laundering and terrorist financing risks”;
7. “European Commission's Supranational Risk Assessment Report on Money Laundering and Terrorist Financing”.
8. This plan is designed to further implement measures in line with the recommendations received by international organisations as contained in the MONEYVAL report, as well as OECD and International Monetary Fund reports.

The plan also builds on the results of the implementation of the “Plan of Anti-Money Laundering and Counter-Terrorism Financing Measures for the Period of Time till ‎‎31 December 2019‎”.

Continuing the work of the previous governments, the Cabinet under the leadership of A.K.Kariņš has achieved further progress in the improvement of the Latvian AML/CFTP system. In accordance with the Government Declaration and Action Plan, implementing financial sector reforms and ensuring transparent, sustainable and safe operation of the financial sector in Latvia, draft financial sector "overhaul" laws were developed and adopted by the Parliament on 13 June 2019 — "Amendments to the Financial and Capital Market Commission Law" and "Amendments to the Credit Institutions Law", which mark significant changes in the field of financial sector supervision. These amendments added to the scope of the FCMC's activities by strengthening the FCMC's supervisory role and tasks on AML/CFTP issues, as well as changing the FCMC's governance model. In turn, the Law on Credit Institutions specified legal provisions regulating the liquidation process of credit institutions, improving supervision of liquidation processes and control of ML. Substantial amendments to the Law on PMLTPF were developed and adopted by the Parliament on 13 June 2019, taking over AMLD V, as well as a number of major amendments aimed at improving the AML/CFTP system, including by expanding reports on the content of suspicious transactions, introducing the obligation of the subjects of the law to submit to the FIU threshold declarations, as well as specifying the report form. On the basis of Article 31 of the Law on PMLTPF, in 2019, the rules were developed that provide for the authority of the Cabinet to determine the procedure for reporting suspicious transactions, as well as rules that provide for the authority of the Cabinet to determine cases where threshold declarations must be submitted, as well as the procedure for the submission of threshold declaration and the content thereof. At the same time, a draft law "Amendments to the Law "On Declaration of Cash at the State Border"' was developed and adopted in the Parliament, in order to ensure the recommendations contained in the MONEYVAL report on a more deterrent system regarding the enforcement of the seizure and arrest of undeclared or falsely declared cash at the border. In order to lessen the burden of the law enforcement agencies and prosecutor's office and the justice system as a whole, proposals for amendments to the Law on Entry into Force and Application of Criminal Law and the CPL have been prepared in cooperation with the Criminal Law Policy Subcommittee of the Legal Affairs Committee of the Parliament. The purpose of these amendments is to increase the effectiveness of investigations into criminal offences, in particular those related to the ML, TF and PF. In order to implement the recommendations given in the MONEYVAL report and to further strengthen the Latvian AML/CFTP system, the FSDB, as the responsible body, takes decisions and coordinates the fulfilment of the tasks set out in the action plan. The FSDB meets on a regular basis to discuss the necessary solutions and to facilitate their rapid implementation. In order to regulate the procedure for requesting and providing information from the database of politically exposed persons maintained by the SRS, the relevant Cabinet regulations were adopted. The FIU, in cooperation with the VDD, has developed the National Terrorism Financing and Proliferation Financing Risk Report. In order to ensure greater transparency of legal entities registered in the RoE, including their formal and beneficial owners or natural persons who are BOs of legal entities, as well as to implement the recommendations given in the MONEYVAL report on Latvia, the amendments to the Law on PMLTPF provide the RoE with the right to request additional information about the BO upon registering a company or an organisation and apply a more efficient liquidation procedure, if they are not disclosed. The RoE also has an obligation to work more closely with the private sector to identify and report to law enforcement authorities any alleged false information about the BO. An agreement has been reached on the support of the SRS and the use of the electronic declaration system in the RoE's communication with companies that have not complied with the statutory obligation to disclose their BO and will be subject to simplified liquidation procedure without judicial involvement. Increased criminal liability for the ML in line with EU standards on combating ML through the development of amendments to the CL and Law on PMLTPF. In order to facilitate the alignment of the financial sector and the implementation of the MONEYVAL recommendations, the MoFA, in cooperation with more than 30 institutions in both the private and public sectors, has developed significant amendments to the regulatory framework on international and national sanctions, including by ensuring the immediate implementation of the sanctions imposed by UN SC resolutions. In order to promote communication and common understanding in the application of regulatory enactments in the field of sanctions, the Cabinet has established a Sanctions Coordination Council, where all institutions involved share knowledge in the area of sanctions. The MoFA regularly organises informative seminars on sanctions, issues a monthly newsletter, as well as responds to questions from public authorities and individuals regarding sanctions and their impact on business by means of a specially designated e-mail address. In addition, the newsletter "Financial Sector Update" is regularly published on the Cabinet's website, informing the public both in Latvia and internationally about the current developments in the financial sector of Latvia and, in particular, in the field of AML/CFTP. In implementing the requirements of the MONEYVAL report in order to strengthen Latvia's ability to fight ML, TF and PF, training of investigators and prosecutors on cryptocurrencies and related risks, training of investigators and analysts in the field of financial analysis and the organization of financial investigations, as well as training for the investigation of specific TF offences. A contract project has been developed for closer cooperation between Latvia and the USA to promote the ability of Latvian law enforcement authorities to effectively prevent and combat financial and economic crimes, including corruption and ML schemes, providing expert training of judges, investigating institutions, prosecutor's office and other institutions, as well as seminars and legal analysis to identify opportunities for increasing the efficiency of criminal proceedings and to strengthen the rule of law. Increasing the capacity of law enforcement agencies also makes it possible to reduce pre-trial investigation and trial time in cases of complex economic and financial crimes. In order to strengthen Latvia's ability to fight the ML, TF and PF, three additional workplaces have been created and amendments to the Law on PMLTPF have been developed and adopted, providing for a new category of subjects of the law — persons who are active in the circulation of art and antique objects, when they are imported into the Republic of Latvia or exported from it, by storing or trading, including persons carrying out the intended activities in antiques, auction houses or ports. Sectoral risk assessments have been carried out in all regulated sectors and risk-based supervisory action plans have been developed. Internal procedures and guidelines for inspections of subjects of the law have been developed, as well as guidelines for international cooperation.

Measures of the plan correspond to the horizontal priority of the Financial Sector Development Plan 2017-2019 - improving the compliance of the financial sector AML/CFT and the reputation of the state.

Taking into account that certain planned measures include extensive processing of personal data, including the publication of personal data on the Internet, the measures of the plan are to be implemented in accordance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (General Data Protection Regulation) and the provisions of the Law on the Processing of Personal Data in Criminal Procedure and Administrative Proceedings.

The achievement of the objectives of the plan is closely linked to the achievement of the objectives set out in several other policy planning documents. These are the National Security Concept approved by the Parliament on 26 September 2019, the Organised Crime Prevention and Combating Plan for 2018-2020 approved by the Cabinet on 28 February 2018, the National Authorities’ Action plan for the shadow economy restriction for 2016 - 2020 approved by the National Council for Combating Shadow Economy on 10 June 2016, the guidelines for preventing and combating corruption for 2015-2020 approved by the Cabinet by the order of 16 July 2015 No. 393.

# III Aim and Courses of Action of the Plan

|  |  |
| --- | --- |
| **Aim of the plan** | The aim of the plan is to strengthen Latvia's capacity to fight ML/FTP and to monitor the implementation of the AML/CFTP regime requirements, reduce overall risks of ML/FTP, thereby ensuring compliance with international obligations and standards in the field of prevention of ML/FTP and promoting public security, the competitiveness of the economic environment and confidence in the jurisdiction of Latvia. |
| **Policy result(-s) and performance indicator(-s)** | Increased efficiency of Latvian AML/CFTP system. |

## **Course of Action 1 - Risks, Policy and Coordination**

The body responsible for the course of action: MoI - on measures related to policy planning and coordination of its implementation

 FIU - on measures related to risk assessment

Co-responsible bodies: MoFA, MoE, Financial Sector Communication Coordination Group, FCMC, MoF, FLA, GPO, LGSI, KNAB, Latvijas Vēstnesis, BoL, LACIPA, LCSA, LCSN, LACA, ICS, NCIM inter-institutional working group, NCCH, CRPC, MoJ, State Language Centre, VDD, SRS, SC, SP

|  |  |
| --- | --- |
| **Course of action** | **RISKS, POLICY AND COORDINATION** |
| **Goal to be achieved** | **The risks of ML/FTP are understood and action to prevent ML/FTP is coordinated at a national level.** |
| **No.** | **Measure** | **Basis** | **Operating result** | **Resultative indicator** | **Responsible body** | **Co-responsible****bodies** | **Deadline** |
| 1.1. | Provide comprehensive statistical data on the effectiveness and productivity of ML/FTP prevention systems and measures. | FATF Recommendation 33; MONEYVAL Recommendation 8.2 | Common practice has been introduced in the collection and compilation of statistical data, as agreed in the 2019 Annual Report of the Statistical Working Group. | A mechanism of cooperation between statistical data providers at the level of specialists is established. | FIU | SP, SRS, VDD, KNAB, GPO, MoJ (as the supervisory authority of CA), MoI (as IC supervisory authority) | 31.12.2020 |
| 1.2. | Conduct the National ML/FTP Risk Assessment for 2017-2019 and 2020-2022. | FATF IO Core Issue 1 - 1.1 | ML/FTP risks inherent to Latvia have been identified, evaluated and understood. | 1. The National ML/FTP Risk Assessment for 2017-2019 has been developed. | FIU | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS, SP, KNAB, VDD, GPO, MoI, MoF, MoJ, MoFA | 31.12.2020 |
| 2. Risk assessment of new technology (including emerging threats) and the related ML/FTP risks. | FIU | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS, SP, KNAB, VDD, GPO, MoI, MoF, MoJ, MoFA | Once a year until July 1 |
| 3. Work is underway on the development of the National ML/FTP Risk Assessment for 2020 - 2022. | FIU | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS, SP, KNAB, VDD, GPO, MoI, MoF, MoJ | 31.12.2022 |
| 1.3. | Ensure understanding of the subjects of the law and the responsible bodies on the ML/FTP risks inherent to the activities of the subjects of the law, provide information and training. | FATF IO Core Issue 1 -1.6; MONEYVAL Recommendation 1.3, 1.5. | Improved knowledge of subjects of the law in the field of prevention of ML/FTP both in terms of awareness of ML/FTP risks and the obligation to provide proper reporting of suspicious transactions and threshold declarations.  | 1. In accordance with the annual plan of the institution, seminars are organized for the subjects of the law, explaining the conclusions of risk assessments. | FIU | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS | Continuously |
| 2. Organised “Naudas likumu dienas” as an educational campaign for entrepreneurs and the public to raise awareness of economic and financial crimes with the aim of warning about the risks of being involved in them. | FIU |  | At least once a year |
| 3. Specialized training has been carried out for certain groups of subjects of the law on topical issues of prevention of ML/FTP - providing information to subjects of the law about the results of national risk assessments, which are implemented in the internal policies, procedures and control systems of the subjects of the law.  | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS | FIU | Continuously |
| 4. The information on current developments regarding ML/FTP prevention has been improved on the FIU website (publicly available) and the e-reporting section (registered users only). | FIU | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS | Continuously |
| 5. Feedback is provided to law entities (based on a risk-based approach) and SCA on reporting suspicious transactions to FIU. | FIU | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS | Continuously |
| 1.4. | Based on the performed sectoral and other ML/FTP risk assessments, update guidelines on identified risks and recommended risk mitigation measures, as well as carrying out risk assessments by subjects of the law. | FATF Recommendation 1, 6 and 7; MONEYVAL Recommendation 1.4, 1.5, 1.9 | The subjects of the law are informed about the identified risks and recommended risk mitigation measures. Law entities use NRA results when conducting their own risk assessments. | Updated guidelines for subjects of the law. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS |  | 31.03.2021 |
| 1.5. | Update the action plans of the competent authorities in line with the current ML/FTP risks. | FATF Recommendation 1, 6 and 7;MONEYVAL Recommendation 1.10, 1.12*Complemented Latvian National ML/FT Risk Assessment Report* (Sub-paragraph 1.3.7, page 8[[1]](#footnote-2);Sectoral ML/FTP risk assessment. | The action plans of the competent authorities are consistent with the identified risks, define forward-looking and appropriately prioritised measures, set precise deadlines and measurable implementation results, and are implemented by reasonably reducing tolerance for a formal approach to compliance by subjects of the law. | The action plans of the competent authorities have been updated in line with the National ML/FTP Risk Assessment. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS, GPO, SP, KNAB, FIU |  | 31.03.2021 |
| 1.6. | In accordance with the National ML/FTP Risk Assessment, make necessary changes to policy planning documents and regulatory enactments. | FATF Recommendation 1, 6 and 7; MONEYVAL Recommendation 1.8, 1.11 | Ensure that the identified ML/FTP risks are taken into account when drawing up policy planning documents and regulations. | Proposals have been made for necessary amendments to policy planning documents and regulatory enactments. | MoF, MoJ, MoI, MoFA, MoE |  | 31.12.2021 |
| 1.7. | Ensure enhanced cooperation between competent authorities involved in preventing and combating of ML/FTP. | *Complemented Latvian National ML/FT Risk Assessment Report* (Sub-paragraph 1.3.7, page 8[[2]](#footnote-3); | Permanent cooperation between competent authorities involved in preventing and combating ML/FTP (FIU, investigating institutions and prosecutors) — exchange of information and practice. | A permanent inter-institutional expert (working) group has been established to ensure enhanced cooperation. | NCIM interinstitutional working group |  | Continuously |
| 1.8. | Provide information coverage in the information space on AML/CFTP issues. | MONEYVAL Recommendation 1.3 (1.1, 1.2, 1.4 (1.8, 1.11), 1.5 (1.10), 1.9), 3.4, 4.1, 4.3, 6.1, 10.4 and 11.3 | The results of the National ML/FTP Risk Assessment are explained to the public (especially to the private sector). Information is provided on the progress made in the field of ML/FTP prevention.Increased public awareness, knowledge and understanding of ML/FTP (including international and national sanctions) issues. The number of offences involving individuals in the ML/FTP has decreased without realising it. | 1. The independent content channel “MONEYVAL” created by the LV portal has been updated and maintained.Permanently updated, multimedia thematic section "MONEYVAL" on LV portal throughout the period of the activity.The audience reached by the LV portal — an average of 200 000 unique users per month, visits to the thematic content section “MONEYVAL” on average 600 - 700 users each month.A continuous flow of content is ensured in one place, including in audio-visual format (at least 100 publications per year) in the thematic section of the LV portal “MONEYVAL”, covering the following themes:1. information on progress in the implementation of the tasks of the current round of MONEYVAL Round;
2. explanations of the current regulation and changes in legislation;
3. information on the application of the regulation in practice;
4. updated MONEYVAL Roadmap for 11 courses of action, in line with the current objectives, while maintaining access to information on MONEYVAL's previous round;
5. availability of notifications/press releases by public authorities in one place in the thematic section “MONEYVAL”;
6. multimedia content in the thematic section "MONEYVAL";

communication of the content of the thematic section “MONEYVAL” on social media. | MoJ | Latvijas Vēstnesis, MoI, FIU, MoF, MoFA | Continuously |
| 2. Major AML/CFTP laws and other documents are available and translated to and from English or other necessary languages in line with the amount of allocated funding. | MoJ | State Language Centre | Continuously |
| 1.9. | Improve the international reputation of the financial sector of Latvia. |  | Purchased communication services to improve the international reputation of the financial sector of Latvia, which cannot be implemented with internal resources of the state administration. | Regularly prepared and disseminated financial sector circular in English and Latvian, the content of the circular is improved, as well as the range of recipients and efficiency of dissemination. The communication product is developed, regularly updated and translated into English or Latvian (answers to questions in English and other communication materials). | SC | Financial Sector Communication Coordination Group | 31.12.2020 |
| 1.10. | Improve the risk-based approach in the financial sector in the process of initial customer due diligence in order to avoid unavailability of financial services in case of unjustified refusal of cooperation.  |  | Better and more adequate risk management is ensured by reducing the number of persons who do not have access to financial services solely due to regulatory requirements providing a rules-based approach.  | Issued regulatory act or guidelines. | FCMC | FLA | 01.07.2021. |
| 1.11. | Maintain a mechanism to ensure that all SCAs, including self-regulatory authorities, have a common understanding of the ML/FTP risks and that adequate preventive measures are applied to mitigate these risks. Ensure the exchange of information on ML/FTP risks.Ensure the exchange of information, mutual coordination and cooperation between the SCAs. | FATF Core Issue 1.4FATF Core Issue 1.5FATF Recommendation 2 | - The exchange of information and best practices on ML/FTP prevention monitoring practices is ensured;- Unified understanding of the ML/FTP risks;- SCA has information on the most current ML/FTP risks, including the latest trends. | 1. Regularly organised meetings of the platform for cooperation between supervisory and control authorities. | FIU | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA ICS | 10 times a year |
| 2. A common understanding of ML/FTP risks is promoted, a common approach to the fulfilment of supervisory and control obligations, including the development of uniform supervisory procedural documents in accordance with FATF standards, guidelines in all relevant areas of supervision. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS | FIU | Continuously |
| 1.12. | To re-evaluate and determine the risk profile of Latvia in order to respond to changes in the situation in accordance with current risks and ensure the seizure of the laundered money and identify priorities in the investigation of ML.  | FATF Core Issue 1.2FATF Recommendation 1 | Priorities of ML investigations have been identified and the seizure of laundered money is ensured according to the risk profile of Latvia.  | The risk profile of Latvia has been updated. | FIU | GPO, investigating institutions, MoJ, MoI | 30.06.2021. |
| 1.13. | The authorities involved in combating the ML/FTP will convene an FIU cooperation coordination group on the initiative of the institution concerned. | FATF Recommendation 2 | The practical operation of the cooperation coordination groups is continued.A more efficient exchange of information between the public and private sectors is ensured. | Meetings of the FIU cooperation coordination groups are continued.Regular meetings of the FIU cooperation coordination group.Participation in international public-private partnership formats. | FIU | SCA, SP, VDD, SRS, KNAB, SBG, ISB, MP, LPA, GPO and subjects of the law, FLA | Once a month |

## **Course of Action 2 - International Cooperation**

The body responsible for the course of action: MoJ

Co-responsible bodies: MoFA, FIU, FCMC, GPO, LGSI, ISB, LPA, KNAB, MoC, BoL, LIDA, LACIPA, LCSA, LCSN, LACA, ICS, MP, NCCH, CRPC, CA, VDD, SRS, SP, SBG

|  |  |
| --- | --- |
| **Course of action** | **International cooperation** |
| **Goal to be achieved** | **International cooperation provides useful information, promotes financial intelligence and evidence and promotes the targeting of criminals and their assets.** |
| **No.** | **Measure** | **Basis** | **Operating result** | **Resultative indicator** | **Responsible body** | **Co-responsible****bodies** | **Deadline** |
| 2.1. | Organize regular cooperation with foreign financial intelligence units within IFIT regarding the case of LAS ABLV. | FATF IO Core Issue 2 - 2.3 |  Provided exchange of operational and strategic information among IFIT participants about predicate crimes, typologies, persons involved and monetary amounts identified in the LAS ABLV case analysis process, the criminal proceedings initiated, as well as funds and assets potentially likely to be frozen and confiscated.  | Number of foreign financial intelligence units participating in IFIT and meetings organized as a part of IFIT. | FIU |  | Continuously |
| 2.2. | Ensure representation of the FIU in meetings organised by the Egmont Group, MONEYVAL, as well as on the platform of EU financial intelligence units. | FATF IO Core Issue 2 - 2.3 | Ensured knowledge of current affairs and the latest global trends in the field of ML/FTP, knowledge of the EU current affairs and latest legislation in the field of ML/FTP, participation in discussions and continuous establishment and maintenance of contacts with foreign counterparts, thus exercising the rights stipulated by FIU law. | 1. Participation in the activities of the Egmont Group, MONEYVAL and the EU Financial Intelligence Units Platform and evaluations of policies, procedures, etc. | FIU |  | Continuously |
| 2. Participation in the Egmont Group's Best Analytical Case Award competition. | FIU |  | 31.07.2022 |
| 2.3. | Strengthen cooperation to prevent illegal movement of cultural property between the Baltic States. |  | Improved international cooperation between SCA of the Baltic States in the field of art and antique objects circulation. | 1. An international meeting with the cultural heritage institutions of the Baltic States is organized. | NCCH | MoC | 31.12.2020 |
| 2. A model of cooperation has been agreed upon. | NCCH | MoC | 31.12.2022 |
| 2.4. | Promotion and control of international cooperation in the field of prevention of ML/FTP through the organisation of SCA experience exchange activities on international cooperation and priority and quality of implementation of information requests. | MONEYVAL Recommendation 2.1, 2.2, 2.3 | Cooperation has been initiated with SCA of other countries pursuant to Section 46 Paragraph One Clause 7 of the Law on PMLTPF.  | 1. Number of requests for exchange of information sent. | SRS, FCMC, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS |  | Continuously |
| 2. Number of requests for exchange of information received. | SRS, FCMC, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS  |  | Continuously |
| 2.5. | Ensure that the Information System for Requests for mutual legal assistance requests complies with FATF Recommendation 37 and 38 in relation to the planned changes in the CIS. | FATF Recommendation 37 and 38 | The functioning of the system for the management of requests for mutual legal assistance in criminal matters is ensured. | Proposals for improving the information system for requests for mutual legal assistance in criminal matters have been developed. | MoJ (CA), GPO, SP |  | 31.12.2022 |
| 2.6. | Ensure that SCA, FIU and investigating institutions can quickly, constructively and efficiently provide the widest international cooperation in regard to AML, related initial offences and financing of terrorism in accordance with the requirements of the FATF 40 recommendations. | FATF Recommendation 40 *Latvia's First Enhanced Follow up Report*  — Paragraphs 73 and 75. | International cooperation by SCA, FIU and investigating institutions regarding ML, related initial offences and financing of terrorism comply with the requirements of FATF Recommendation 40. | “Guidelines for International Cooperation of Supervisory and Control Authorities for the Prevention of Money Laundering and Terrorism Financing” have been supplemented and updated, extending to international cooperation by FIU and investigating institutions in accordance with the requirements of FATF Recommendation 40.  | MoJ | SRS, FCMC, BoL, LGSI, LCSA, LSSN, LACA, NCCH, CRPC, LACIPA, ICS, FIU, SP, KNAB, VDD, SBG, ISB, MP, LPA | 31.12.2020 |
| 2.7. | Organise an international plenary meeting of the Egmont Group in Riga; | The initiative of the Egmont Group. | The international reputation of Latvia as a country that has successfully strengthened the financial sector in a crisis situation has been improved. | Organised an international plenary meeting of the Egmont Group in Riga; | FIU | MoFA, LIDA | 31.07.2022 |

## **Course of Action 3 - Supervision**

The body responsible for the course of action: MoF

Co-responsible bodies: MoE, FIU, FCMC, FLA, LGSI, MoC, KNAB, BoL, LACIPA, LCSA, LCSN, LACA, ICS, NCCH, CRPC, VDD, SRS, SP

|  |  |
| --- | --- |
| **Course of action** | **SUPERVISION** |
| **Goal to be achieved** | **The SCA shall adequately supervise, control and regulate financial institutions, DNFBP and virtual asset service providers to ensure compliance with the AML/CFTP requirements that are proportionate to the relevant risks.** |
| **No.** | **Measure** | **Basis** | **Operating result** | **Resultative indicator** | **Responsible body** | **Co-responsible****bodies** | **Deadline** |
| 3.1. | Ensure a risk-based supervisory process. | MONEYVAL Recommendation 3.1, 3.4, 4.1, 4.2, 4.3, (4.4), 4.5, 4.7, 4.8, 4.16, 7.3sectoral risk assessments. | 1. Checks in the field of prevention of ML/FTP shall be carried out according to the risks assessed. | In all SCAs, an industry hazard and vulnerability risk detection and profiling matrix has been improved, which identifies the subjects of the law with the highest risk, including taking into account:- national and sector-specific ML/FTP risks;- the risk profile of the subject of the law, including the internal control system and the inherent ML/FTP risks;- the number of subjects in the industry, as well as the services provided by them. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS |  | Every year |
| 2. Based on the risk assessment, on-site and off-site checks have been carried out. | Checks have been carried out in accordance with the identified risks, including targeted supervisory checks in areas where deficiencies have been identified, ensuring a higher number of checks for higher-risk entities. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS |  | Every year |
| 3. Internal procedures and guidelines for monitoring ML/FTP prevention have been improved, taking into account facts and major non-compliances identified during on-site and off-site inspections. | Internal procedures and guidelines for monitoring ML/FTP prevention have been improved, taking into account facts and major non-compliances identified during on-site and off-site inspections. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS |  | Every year |
| 3.2. | Review the number and resources of SCA personnel to ensure they are able to adequately manage the identified risks and supervise the activity of the subjects of the law in regard to risks. | MONEYVAL Recommendation 3.5 | Strengthened SCA capacity. | 1. 3 new posts have been created in the NCCH. | NCCH | MoC | 31.12.2020 |
| 2. 1) The IT solution introduced by the FCMC Compliance Control Department has been improved, providing an opportunity to perform screening of selected customers or their transactions against Adverse Media Search and lists of politically exposed persons.2) the involvement of IT specialists in cases where within the framework of ML/FTP inspection requires verification of the compliance of the institution's IT solutions with the requirements of the ML/FTP;3) implementation of SRSS (Structural Reform Support Service) and EEA (European Economic Area) projects to strengthen the capacity of the FCMC. | FCMC |  | 31.12.2020 |
| 3. 2 new posts have been created in the ICS. | ICS | MoJ | 31.12.2020 |
| 3.3. | Provision of controlled voluntary liquidation process of LAS ABLV. | Decision of the FSDB of 21 March 2018. | Controlled voluntary liquidation process, ensuring the verification of compliance of creditors and related persons, BOs and representatives with AML/CFTP and sanctions requirements and effective cooperation with law enforcement authorities. | The FSDB is regularly informed about the voluntary liquidation process of LAS ABLV at least once a month in order to ensure coordination of activities of all parties involved to ensure an effective voluntary liquidation process. | FCMC, FIU, SP, SRS, KNAB | VDD | Continuously |
| 3.4. | Monitor the change of business models of credit institutions, reducing the proportion of high-risk clients, reaching the target values set by the FCMC for the industry as a whole. | NRA. | Significant reduction of risks in the sector of credit institutions. | 1. The FSDB is regularly informed about the process and results of changing business models of credit institutions. | FCMC |  | Every year |
| 2. Regularly provided information on changes in the level of risk. | FCMC |  | Every year |
| 3.5. | To evaluate the customer due diligence process regarding transactions that comply with the provisions of Section 11 Paragraph One Clause 4 of the Law on PMLTPF, determining the possibilities for improvement. | Sectoral Risk Assessment 2017-2019. | Improved customer due diligence process regarding transactions that comply with the provisions of Section 11 Paragraph One Clause 4 of the Law on PMLTPF. Requirements for video surveillance have been improved. | An assessment has been prepared about the customer due diligence process regarding transactions that comply with the provisions of Section 11 Paragraph One Clause 4 of the Law on PMLTPF, including proposals for improvement, including in regard to video surveillance. | LGSI | MoF | 31.12.2021 |
| 3.6. | Assess whether subsidiaries of credit institutions providing financial leasing services should be supervised by the FCMC in relation to the risks of the ML/FTP, and not by the CRPC. |  | More efficient and uniform risk management within groups of credit institutions. Lower resource consumption in the public and private sectors. | It has been assessed whether amendments are necessary, as well as amendments to regulatory enactments have been prepared and submitted to the Cabinet, which would provide for the change of supervisory authority of subsidiaries of credit institutions providing leasing services from the CRPC to the FCMC. The evaluation will be carried out simultaneously with the review of AML/CFTP supervisory functions (e.g. centralisation). | MoE | CRPC, FCMC, FLA | 31.12.2020 |
| 3.7. | Develop amendments to the Law on PMLTPF. (The measure is to be carried out according to MONEYVAL's assessment of Latvia's progress in the implementation of technical recommendations). | FATF Recommendation 10, 17, 26 and 28. | Full compliance with FATF recommendations shall be ensured, including:* obligation to identify the senior management of legal entities;
* improved regulation regarding recognition and acquisition of information necessary for customer due diligence;
* evaluation of possibilities to improve the framework of customer due diligence in relation to cases where client privilege is applicable;
* the main requirements for risk-based supervision are identified.
 | Draft laws have been developed and submitted for consideration to the Cabinet. | MoF |  | 01.09.2020 |
| 3.8. | Develop amendments to the Law on Alternative Investment Funds and their Managers. | FATF Recommendation 26 | Certain reputation requirements for shareholders and management of registered alternative investment fund managers. | The draft law has been developed and submitted for consideration to the Cabinet. | MoF |  | 30.06.2020 |
| 3.9. | Prepare proposals for a common approach to assessing the reputation of related persons and their criminal records. | FATF Recommendation 26 and 28. | Compliance with FATF recommendations is ensured. | Prepared proposals for consideration in the FSDB. | MoF |  | 01.09.2020 |

## **Course of Action 4 - Preventive Measures**

The body responsible for the course of action: MoF

Co-responsible bodies: MoFA, DSI, MoE, FIU, FCMC, FSDB, LGSI, IC, MoI, MoC, BoL, LDDK, FLA, LACIPA, LCSA, LCSN, LACA, ICS, NCCH, CRPC, VDD, SRS, SP

|  |  |
| --- | --- |
| **Course of action** | **PREVENTIVE MEASURES**  |
| **Goal to be achieved** | **Financial institutions, DNFBP and virtual asset service providers shall apply preventive measures of ML/FTP appropriate to their risks and report suspicious transactions.** |
| **No.** | **Measure** | **Basis** | **Operating result** | **Resultative indicator** | **Responsible body** | **Co-responsible****bodies** | **Deadline** |
| 4.1. | Implement FIU data collection and analysis, including the goAML system, whilst phasing out the parallel suspicious transaction reporting system and ensuring that a single channel is used for reporting suspicious transactions to the FIU and the SRS. | MONEYVAL Recommendation 4.15 | The FIU data collection and analysis system, including GoAML, is introduced, simplifying procedures for reporting suspicious transactions. The use of the parallel reporting system for suspicious transactions has been terminated. | 1. A solution or concept for simplifying the procedure for reporting suspicious transactions has been developed, including the termination of the parallel suspicious transaction reporting system and the communication of information about suspicious transactions to the FIU and the SRS in one channel, and a new draft of Cabinet Regulations on reporting of suspicious transactions and threshold declarations has been submitted to the MoF. | FIU | MoI, MoF, SRS, FLA | 01.09.2020 |
| 2. Cabinet Regulations entered into force on 01.07.2021 on the implementation of FIU data receipt and analysis system goAML and terminating parallel reporting to the FIU and the SRS. | MoF | MoI, FLA, FIU, SRS | 01.07.2021. |
| 3. The FIU shall ensure that XML schemes of suspicious transaction reports in the GoAML system are published on its website, in accordance with the draft Cabinet Regulations referred to in Sub-paragraph 4.1.2.If the XML scheme is not published within the prescribed deadline, the deadline for adjusting the single reporting channel for the GoAML system is extended. | FIU |  | 31.10.2020 |
| 4. FIU provides training for subjects of the Law on PMLTPF on reporting through the goAML system. | FIU |  | From 01.06.2021 |
| 5. FIU has implemented the goAML system, including data receipt and analysis. According to the XML scheme published by the FIU, the SRS has introduced the possibility to receive reports of suspicious tax transactions from the FIU goAML system. | FIU, SRS | MoF, FLA, MoI | 01.07.2021. |
| 4.2. | Develop a single website for the screening of sanctioned persons as well as the restrictions imposed. | MONEYVAL Recommendation 1.3, 10.4 | Simplified access to information on sanctions matters. | Developed a functioning website www.sankcijas.gov.lv, where the following information is published: 1) information about persons in accordance with the requirements of Section 4 Paragraph Three of the Law on PMLTPF; 2) information on applicable sanctions according to the scope of the Law on International Sanctions and National Sanctions of the Republic of Latvia. | MoFA, FIU  |  | Continuously |
| 4.3. | Ensure systematic informing of subjects of the law about ML/FTP risks and implementation of preventive measures.With regard to the understanding of the risks inherent to subjects of the law and ML/FTP prevention requirements, ensure the following:- subjects of the law have established and applied permanent procedures and appropriate documentation in the course of the risk assessment, as well as regularly review these procedures;- risk assessments carried out by companies also specifically analyse the threats and vulnerabilities of TF and PF, as well as reflect the actual overall exposure to ML/FTP risks.Ensure that understanding of TF risks by subjects of the law is not limited to checks against terrorist lists;- all subjects of the law with high business activity provide automated IT solutions for TF and PF control purposes, while subjects of the law with low business activity continuously use manual tools for TF and PF control.Ensure that all subjects of the law:- have established the main elements of the ML/FTP prevention IKS (including ML/FTP reporting);- have effective internal controls and procedures put in place;- the effectiveness of their application of risk mitigation measures is enhanced in accordance with the risk;- systems are in place that provides a risk-based approach to the performance of customer due diligence activities.In the supervisory process, carry out regular checks on the qualifications and reputation of officials, as well as on the compliance of reputational compliance of the licensed subjects of the law, both at the moment of commencement of the activity of the subject of the law and regularly during its operation, as an additional risk identifier identifying previously established infringements in the field of prevention of ML/FTP. | MONEYVAL Recommendation 3.4, 4.1, 4.2, 4.3, 4.4, 4.5, 4.7, 4.8, 4.16., 7.3;sectoral risk assessments. | 1. In accordance with the sectoral risk assessment, as well as the deficiencies identified in the MONEYVAL recommendations, regulatory rules and guidelines for the subjects of the law have been updated. | 1. Guidelines for the subjects of the laws are updated as required, based on the facts and major discrepancies found during on-site and off-site inspections. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS |  | 31.01.2022 |
| 2. The regulatory framework of the SCA for the determination of sanctions and corrective measures for the identified deficiencies in the field of prevention of ML/FTP has been improved, including by providing clear conditions for the imposition of restrictions in regard to risk factors for which the subjects of the law do not provide adequate management. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS |  | Continuously |
| 2. Regular training and consultations provided by SCA to the subjects of the law. Information campaigns aimed at the education of subjects of the law have been implemented. Training or seminars are organised on facts and major discrepancies found during on-site and off-site inspections, facilitating the awareness of the subjects of the law.  | In 2020, 43 trainings or seminars are organized, 4505 persons are trained;In 2021, 51 trainings or seminars are organized, 5205 persons are trained;In 2022, 51 trainings or seminars are organized, 5205 persons are trained. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS | FIU, SP, VDD | 31.12.2022 |
| 4.4. | Provide systematic communication to subjects of the law in relation to countries that need to apply enhanced due diligence based on FATF. | MONEYVAL Recommendation 4.9 | The list is updated and the subjects of the law are informed about the changes made. | The list of high-risk countries is regularly published on FIU and SCA websites and subjects of the law are informed of its application. | FIU, FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS |  | Continuously |
| 4.5. | Define indicators and “red flags” for suspicious transactions, both general, applicable to all subjects of the law, and sector-specific. | MONEYVAL Recommendation 4.13, 4.14; sectoral risk assessments. | Based on information on typologies provided by FIU and taking into account the specific risks of the industry, SCA defines indicators and “red flags” for suspicious transactions. | Improvemed guidelines, defined risk indicators (“red flags”).  | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS |  | Continuously |
| 4.6. | Consider the possibility of introducing control mechanisms for the start-up of unlicensed subjects of the law. | MONEYVAL Recommendation 4.17Summary Report of Sectoral Money Laundering and Terrorism Financing Risk Assessment (2017-2018) - page 9 and 10;Virtual Currencies ML and TF Risk Assessment Report Section 10.3 (page 13). | An assessment of the need to license high-risk subjects of the law (independent legal service providers, tax consultants, virtual currency service providers) has been prepared. | An assessment has been prepared. | SRS | MoF | 31.12.2022 |
| 4.7. | Improving regulatory compliance with international conventions. Development of a regulatory framework for the movement of cultural property and the subjects of law involved in it. |  | 1. Regulatory framework in accordance with internationally accepted principles. | 1. A working group established for the development of regulatory enactments. | MoC | NCCH | 31.12.2021 |
| 2. New draft regulatory enactments have been prepared:1) prepared proposals for amendments to the Law “On Protection of Cultural Monuments”;2) prepared proposals for amendments to the Cabinet Regulations of 20 December 2016 No. 846 “Regulations Regarding Exportation of Cultural Monuments, Including State-owned Antiquities, Art and Antique Articles from Latvia and Importation Thereof into Latvia”. | MoC | NCCH | 31.12.2022 |
| 2. The regulatory enactments provide for licensing or registration of subjects of the law to ensure effective supervision and the possibility of imposing sanctions. | 1. A new draft regulatory act has been prepared on licensing or registration. | MoC | NCCH | 31.12.2022 |
| 2.  Developed licensing or registration system of persons operating in the circulation of art and antique objects — IT solutions and their maintenance, e-service is developed.  | MoC | NCCH | 31.12.2022 |
| 4.8. | Digitisation of the database of stolen and lost cultural property and data exchange with law enforcement agencies. |  | Digitized Latvian register of stolen and lost cultural property has been put at the disposal of law enforcement agencies, including an IC e-service “Determination of Status of Cultural Objects” and Interpol. | Data processing and input into a newly created IT tool are carried out. Data exchange is carried out with law enforcement authorities, including the IC e-service “Determination of Status of Cultural Objects”, SRS Customs Administration.  | MoC | NCCH, MoI, IC | 31.12.2021 |
| 4.9. | Development and maintenance of a module of control of changes in ownership of cultural monuments with integrated data analysis tools.The module has an interface with IS Heritage and the State Register of Protected Cultural Monuments. |  | Ensured latest information and control of transactions involving cultural monuments, automated possibility to analyse data according to the defined risks, possible automated transmission of instructions to owners of cultural monuments. | Developed IT solution for controlling changes in ownership of cultural monuments. | MoC | NCCH | 31.12.2022 |
| 4.10. | Improve the availability of information for customer due diligence. | MONEYVAL Recommendation 4.6 | Proposals are prepared, the required amendments to the regulatory enactments to enable the development of a shared KYC utility allowing the subjects of the law to use the due diligence information acquired by other subjects of the law. | 1. Proposals are prepared and the necessary amendments to regulatory enactments to establish a shared KYC utility, are submitted to the Cabinet for review. | MoF | LDDKFLA | 31.12.2021 |
| 2. Licensing and monitoring of users of the shared KYC utility are ensured. | DSI | MoJ | 31.12.2021 |
| 4.11 | To create an opportunity for the SRS and FIU to access statistical information provided by credit institutions to the FCMC on ML/FTP risk, for example, the breakdown of clients by the country of the BO (Section 1101 of the Credit Institutions Law). |  | Improved exchange of information between public authorities to help better identify potential risks, courses of action, perform better supervision, in particular in regard to the Global Standard on Automatic Exchange of Financial Accounts (OECD CRS). | 1. An assessment of the exchange of statistical information has been made to help better identify potential risks, courses of action and to conduct better supervision.  | FIU, FCMC, FLA, SRS  | MoF  | 01.12.2020  |
| 2. If necessary, amendments to regulatory enactments have been prepared and submitted to the Cabinet, which would allow the exchange of statistical data among specific credit institutions. | MoF | FIU, FCMC, FLA, SRS | 01.04.2021 |
| 4.12. | Review cases and procedures in which credit institutions provide confidential information to law enforcement authorities (Section 63 of the Credit Institutions Law), including by providing for the right of credit institutions to self-disclose this information to a reasonable extent with the aim to ensure financial stability in response to public reproaches, as well as clarifying the scope of criminal liability of employees of credit institutions for providing information to the state (e.g. if the information is provided more widely than formally requested). |  | Credit institutions themselves have the opportunity to respond to false information, thereby strengthening the stability in the financial sector. As a result of the review of the scope of criminal liability for employees of credit institutions, the state acquires more complete information, as well as the exchange of information, takes place more smoothly. Overall, the exchange of information between credit institutions and the state and between credit institutions and the public has been improved. | The amendments to regulatory enactments have been prepared and submitted to the Cabinet. | MoF  | FCMC, FLA | 31.12.2020 |
| 4.13. | Optimize the institutional framework for monitoring the implementation of AML/CFTP requirements. |  | Systemic conditions have been created for a coordinated and harmonised implementation of the requirements of the AML/CFTP regime. | 1. Prepared assessment and proposals for the necessary legislative amendments for the review of AML/CFTP supervisory functions (e.g. centralisation). | MoF | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS, MoE, FLA | 01.04.2021 |
| 2. Following the results of the assessment, a decision has been taken on the responsibility for the coordination of the courses of action 3 and 4. | FSDB |  | 01.04.2021 |
| 4.14. | To implement the technical assistance project of the Department of the Treasury's Office of Technical Assistance. |  | A cooperation agreement has been concluded with the Department of the Treasury's Office of Technical Assistance to obtain technical assistance aimed at improving AML/CFTP supervision, strengthening the capacity of FIU and improving ML/FTP investigations. | The necessary steps have been taken to conclude a cooperation agreement with the Department of the Treasury's Office of Technical Assistance. | MoF | FIU | 31.12.2020 |

1. **Course of Action 5 - Legal Entities and Arrangements**

The body responsible for the course of action: MoJ

Co-responsible bodies: FIU, FCMC, MoF, MoI, MoC, BoL, LACIPA, LCSA, LCSN, LACA, ICS, CRPC, RoE, SRS

|  |  |
| --- | --- |
| **Course of action** | **LEGAL ENTITIES AND ARRANGEMENTS** |
| **Goal to be achieved** | **The possibility of abuse of ML/FTP by legal entities and arrangements has been prevented and information on the BO is made available without hindrance to the competent authorities.** |
| **No.** | **Measure** | **Basis** | **Operating result** | **Resultative indicator** | **Responsible body** | **Co-responsible****bodies** | **Deadline** |
| 5.1. | Provide free access to the information on the registers kept by the Republic of Latvia. | MONEYVAL Recommendation 5.3Result of the assessments carried out as part of the activities 4.10 and 5.9 of the action plan until 31 December 2019. | Free access is provided to the information on the registers kept by the Republic of Latvia. | The RoE of the Republic of Latvia provides free access to information in the registers online. | MoJ (RoE)  |  | Continuously |
| 5.2. | Ensure a common approach in cases where false information on the BO may have been submitted in the registers kept by the RoE. |  | A common approach in all sectors has been established in cases where information on the BO submitted to the RoE is likely to be false. | In accordance with the developed methodology for reporting to the RoE on cases where the subjects of law, SCA have established that the information about the BO does not correspond to the information recorded in the registers of the RoE, developed or supplemented already existing guidelines for action in cases where it is established that information on the BO does not correspond to the information recorded in the registers kept by the RoE. | FCMC, SRS, LCSN, LCSA, LACA, CRPC, BoL, LACIPA, ICS | MoJ (RoE) | 01.10.2020 |
| 5.3. | Ensure greater transparency of the NGO sector, while allowing for proper monitoring of ML/FTP risks. | Risk assessment of legal entities and NGOs;MONEYVAL Recommendation 8 | Improved regulatory framework by reducing ML/FTP risks and risks of non-enforcement of sanctions identified in the risk assessment of legal entities/NGOs in order to ensure effective supervision of the NGO sector by enhancing their transparency, while allowing for proper monitoring of the ML/FTP risks in the sector. Including the content of annual reports, ensuring cash and non-cash separation of donations and gifts and improved requirements for the discovery of areas of activity of NGOs. | 1. A report has been prepared and submitted to the FSDB, including proposals for measures on the reduction of ML/FTP risks and risk of non-enforcement of sanctions identified in the risk assessment of legal entities/NGOs in the industry. | MoJ | MoF, MoC, SRS, FIU | 01.11.2020 |
| 2. Following the conclusion of the report under performance indicator 1, a report has been prepared and submitted to the FSDB, including proposals for measures on the ML/FTP and mitigation of the risk of non-enforcement of sanctions in the sector of public good organisations. | MoF | MoJ, SRS, FIU | 01.01.2021 |
| 3. Taking into account the conclusion of the report developed within the framework of the performance indicator 1, appropriate amendments to regulatory enactments have been developed, including by envisaging the content of annual reports, ensuring the separation of donations and gifts in cash and non-cash form. | MoF | MoJ | 31.03.2021 |
| 4. Taking into account the conclusion of the report developed within the framework of the performance indicator 1, amendments to regulatory enactments have been developed, improving the requirements for disclosing the scope of NGOs. | MoJ | MoC, MoJ | 31.03.2021 |
| 5. Taking into account the conclusion of the report developed within the framework of the performance indicator 1 and 2; amendments to regulatory enactments have been developed in the regulation of public good organizations. | MoF | MoJ | 01.06.2021  |
| 5.4. | Improved understanding and mechanisms of customer due diligence activities carried out by sworn notaries in identifying the BO. | MONEYVAL Recommendation 3.1 and 5.4 | The mechanism of supervision of the subjects of the law (notaries) is strengthened, forming a common understanding and improving mechanisms for identifying the BO. | 1. A register of transactions carried out through sworn notaries has been established and contains the characteristic “beneficial owner”. | LCSN |  | 01.07.2022 |
| 2. A visual image and methodology for identifying the BO have been created. | LCSN |  | 01.07.2022 |
| 5.5. | Ensure the upgrading of the RoE registers by improving the risk-based approach to the verification of BO information in the registration process. | MONEYVAL Recommendation 5.1 | The RoE registers have been upgraded by introducing a registration process that is as automated as possible and incorporating automation of the risk-based approach to the verification of the BO information submitted to the RoE for registration. | All registers kept by the RoE are upgraded:1. All RoE registers shall provide:* 1. modern and convenient data input for both customers and RoE employees, data verification, storage,
	2. a risk-based approach to verifying the BO information submitted for registration, maximum automation — risk assessment which is reported to the competent authorities;
	3. interoperability with the RoE information dissemination environment;
	4. exchange of data with other state and municipal authorities.

2. Frees human resources in the RoE, creating an opportunity to ensure higher quality in the performance of functions, including verification of information submitted for registration of the BO. | MoJ (RoE) |  | Gradually until 31.12.2022, providing maintenance in the future |
| 5.6. | Ensure that legal entities take steps to identify clients that are legal entities as well as the BO of the transactions, and carry out an active verification of such information accordingly.  | ML/FTP risk assessment;Sectoral ML/FTP risk assessments;Risk assessment of legal entities and NGOs;TF/PF risk report;MONEYVAL Recommendation 5.4 | Checks have been carried out with greater priority given to cases where high risks are identified in the ML/FTP risk assessment of legal entities and NGOs, sectoral ML/FTP risk assessments, as well as in the TF/PF risk report, and monitoring of the necessary statistical data is ensured. | 1. According to the TF/PF Risk Report, the SCA guidelines for the identification of the BO of the legal entity and the transaction have been improved. | FCMC, SRS, BoL, LCSN, LCSA, LACA, CRPC, LACIPA, ICS |  | Regularly (quarterly reports) and up to31.12.2022 |
| 2. Number of inspections, number of penalties/warnings imposed for failure to identify or inadequate identification of the BO by the SCA, including if inspections are carried out within the framework of the operating result of action 3.1. | FCMC, SRS, BoL, LCSN, LCSA, LACA, CRPC, LACIPA, ICS |  | Regularly (quarterly reports) and up to31.12.2022 |
| 3. Information is received from subjects of the law regularly regarding the number of cases in which, having failed to perform the customer due diligence activities specified by the Law on PMLTPF, the subject of the law has not initiated the transaction relationship with the customer or has terminated it immediately (regardless of whether it was reported to the FIU). | FCMC, SRS, BoL, LCSN, LCSA, LACA, CRPC, LACIPA, ICS |  | Regularly (quarterly reports) and up to31.12.2022 |
| 5.7. | Ensure cooperation and regular notifications to the institutions involved on current developments in the course of action 5.  | ML/FTP risk assessment;Risk assessment of legal entities and NGOs. | Improved awareness of the competent authorities in regard to threats posed by legal entities. |  Information is provided on the analysis of reports on the course of action 5 and the current developments in the FIU cooperation coordination group. | MoJ |  | Quarterly, until31.12.2022 |
| 5.8. | Introduce a mechanism of cooperation between the RoE and the SCA to ensure an adequate and effective identification and disclosure of the BO of the subjects of the Law on PMLTPF and disclosure in the registers kept by the RoE. | Risk assessment of legal entities and NGOs;FATF Best Practices on Beneficial Ownership for Legal Persons. | Adequate and effective identification and disclosure of the BO of the subjects of the Law on PMLTPF is ensured. | A procedure is developed for the RoE and SCA to ensure by exchange of information that the information about the BO of the subjects of the Law on PMLTPF is properly recorded by the RoE. The cases in which the exchange of information is required shall be determined by a risk-based approach and the mechanism shall be implemented in the RoE information system at the same time as the implementation of activity 5.5. Proposals for amendments to regulatory enactments shall be prepared if necessary.  | MoJ (RoE) | FCMC, SRS, LCSN, LCSA, LACA, CRPC, BoL, LACIPA, ICS | 31.12.2020 and in the framework of RoE activity 5.5 |
| 5.9. | Establish a process and define procedures in the methodology so that investigating institutions can obtain information about legal entities and their beneficial owners efficiently and in accordance with the possibilities set out in regulatory enactments. | Risk assessment of legal entities and NGOs;FATF Best Practices on Beneficial Ownership for Legal Persons. | It is ensured that the investigating institutions are sufficiently informed and are able to effectively obtain basic information about legal entities and information about their BOs. | 1. A methodology has been developed which explains the process and procedures for investigating institutions to obtain information about legal entities and their BOs efficiently and in accordance with the possibilities set out in regulatory enactments. | MoI | MoJ | 31.12.2020 |
| 2. The training of investigating institutions includes training on opportunities to obtain information about legal entities and their BOs. | MoI | MoJ | 31.03.2021 |

1. **Course of Action 6 - Financial Intelligence**

The body responsible for the course of action: FIU

Co-responsible bodies: FCMC, GPO, LGSI, ISB, LPA, KNAB, BoL, LACIPA, LCSN, LACA, ICS, MP, NCCH, CRPC, VDD, SRS, SP, SBG

|  |  |
| --- | --- |
| **Course of action** | **FINANCIAL INTELLIGENCE** |
| **Goal to be achieved** | **Competent authorities shall make appropriate use of information obtained from financial intelligence and other relevant information in the ML/FTP investigation.** |
| **No.** | **Measure** | **Basis** | **Operating result** | **Resultative indicator** | **Responsible body** | **Co-responsible****bodies** | **Deadline** |
| 6.1. | Strengthen the capacity of law enforcement agencies in the area of parallel financial investigations. | MONEYVAL Recommendation 6.2 | Regular training of law enforcement officers and discussions on the applications of financial intelligence information. | Improved quality of materials prepared during the parallel financial investigation. At least 40 law enforcement officers have been trained. | FIU | SP, SRS, KNAB, VDD, CPO, ISB, LPA, SBG, MP | Continuously |
| 6.2. | Strengthen the capacity of the FIU in both strategic analysis and operational analysis. | MONEYVAL Recommendation 6.3 | The FIU has the opportunity to work fully both in the field of strategic analysis and operational analysis. Training of new employees and improvement of knowledge of existing employees in line with the latest risks and trends in the field of prevention of ML/FTP. Outsourced service provider in the process of voluntary liquidation of LAS ABLV ensures support for the operational and strategic analysis to be carried out etc. | 1. By 2022, additional 8 posts have been created for the effective implementation of FIU functions, strengthening strategic and operational analysis — 2 new posts are created in 2020, 2 more new posts are created in 2021 and 4 more new posts - in 2022. | FIU |  | Continuously |
| 2. Continuous training and qualification improvement of FIU staff is ensured. | FIU |  | Continuously |
| 3. The effectiveness of FIU software is improved, necessary improvements in data processing and analysis have been made regularly, and FIU digital information resources and data exchange channels have been improved and supplemented. | FIU | FCMC, SRS, LCSN, LCSA, LACA, CRPC, LACIPA,LGSI, BoL, NCCH, ICS | Continuously |
| 4. FIU employees have commenced work on premises that comply with the requirements set out in the Cabinet Regulations of 6 January 2004 No. 21 “Regulations Regarding the Protection of Official Secrets and the Classified Information of the North Atlantic Treaty Organisation, European Union and Foreign Authorities” and the Cabinet Regulations of 12 July 2016 No. 2 “Uniform Requirements for the Public Administration Office Buildings and Groups of Office Premises”. | FIU |  | 30.09.2021 |
| 5. The process of payment of creditor claims in the LAS ABLV proceedings is ensured in accordance with the requirements of the Law on PMLTPF, while conducting strategic analysis at the same time (for example, defining typologies, indicators etc.). | FIU |  | 31.12.2022 |
| 6.3. | Improving typologies and defining indicators for suspicious transactions applicable to all subjects of the law and sector-specific typologies and indicators. | FATF Recommendation 34 | FIU has compiled the results of the strategic analysis (including the national AML/CFTP risk assessment) and informed the subjects of the Law and SCA, raising awareness.Based on the developed ML/FTP risk assessment reports, typologies are updated and indicators for suspicious transactions are defined. | Typologies are updated. The FIU website is supplemented and updated (including the restricted section) on regular basis with information on suspicious transactions, taking into account the specifics of each sector. | FIU | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS | Continuously |

1. **Course of Action 7 - Investigation and Prosecution of Money Laundering**

The body responsible for the course of action: MoJ

Co-responsible bodies: MoD, FIU, FCMC, MoF, GPO, ISB, LPA, KNAB, Latvian Judicial Training Centre, MP, PSDG, CPB, CA, State Police College, LSPA, VDD, SRS, SP, SBG

|  |  |
| --- | --- |
| **Course of action** | **INVESTIGATION AND PROSECUTION OF MONEY LAUNDERING** |
| **Goal to be achieved** | **ML offences and activities are investigated, perpetrators are prosecuted, and are subject to effective, proportionate and dissuasive sanctions.** |
| **No.** | **Measure** | **Basis** | **Operating result** | **Resultative indicator** | **Responsible body** | **Co-responsible****bodies** | **Deadline** |
| 7.1. | Implement a common approach to parallel financial investigations in the investigation of a predicate crime. | MONEYVAL Recommendation 7.1 | Systematic parallel financial investigations are carried out. | 1. All investigating institutions have a system of conducting parallel financial investigations in place. | SP, ISB, SRS, KNAB, SBG, SP, VDD, LPA  |  | 01.08.2020 |
| 2. A methodological material for conducting parallel financial investigations by the investigating institution has been developed. | GPO | SP, ISB, SRS, KNAB, SBG, SP, VDD, LPA | 31.03.2021 |
| 3. Investigating institutions have a common approach to carrying out parallel financial investigations. | SP, SRS, KNAB, VDD, SBG, ISB, MP, LPA | GPO | 31.12.2021. |
| 7.2. | By identifying combating ML as a priority, strengthen the capacity of the labour resources of investigating institutions, prosecutors and judiciary to fully process, investigate and adjudicate potentially growing scope of verifiable information and the number of criminal proceedings in the field of the ML. | MONEYVAL Recommendation 7.1 and 7.2 | Strengthened investigation, prosecution and judicial capacity in ML cases. | 1. Funding is granted for the creation of new posts in the SP Main Criminal Police Board Economic Crime Combating Administration and Criminal Intelligence Management Board. | SP |  | 31.12.2021 |
| 2. Funding is granted for a new post in court - scientific assistant/ consultant. | MoJ | CA | 31.12.2021 |
| 3. Funding is granted for the creation of new posts in the prosecutor's office. | GPO |  | 31.12.2021 |
| 4. Funding is granted for the creation of additional posts in the KNAB. | KNAB |  | 31.12.2022 |
| 7.3. | Regular improvement of the practical guidelines for ensuring a common approach to ML investigation, provision of the minimum amount of evidence. | MONEYVAL Recommendations 7.1 and 7.3; Complemented Latvian National ML/FT Risk Assessment Report, Sub-paragraph 1.3.7, p. 8. | Guidelines have been regularly evaluated and updated. | The guidelines have been updated and improved, including solutions to the issues identified in practice, including the conduct of parallel financial investigations and the institutional jurisdiction of ML investigation.  | PSDG |  | Once a year until 31 December of each year |
| 7.4. | Strengthening the control over the actions of prosecutors in relation to expressing an opinion in court on the type and measure of punishment to be determined in criminal cases on ML. | Complemented Latvian National ML/FT Risk Assessment Report (Sub-paragraph 1.3.7, page 8; | A consistent and dissuasive punishment policy implemented by the state prosecution (prosecutors) in ML cases is ensured.  | Every six months, a report is prepared on the opinion expressed by prosecutors in court, incl. submitted protests and results of their review in ML cases.  | GPO |  | Continuously |
| 7.5. | In line with the principles and criteria set out in the guidelines for prioritising ML cases (risk-based approach), select and investigate ML cases as a priority. | MONEYVAL Recommendation 7.2 | At least 5 ML cases corresponding to the risk profile of Latvia have been brought to the Prosecutor's Office to initiate prosecution within two years. | Within two years, at least 5 ML cases corresponding to the risk profile of Latvia have been brought to the Prosecutor's Office to initiate prosecution. | SP, SRS, KNAB, VDD | SBG, ISB, MP, LPA | 31.12.2021 |
| 7.6. | To ensure the systemic and uniform functioning of law enforcement agencies in combating crime, establish and fully implement the National Criminal Intelligence model. | MONEYVAL Recommendation 7.1Action plan 2017 - 2019Activity 3.9. | The operators are ensured the opportunity to promptly exchange operational information at their disposal. | Opportunities to attract EU Structural Funds IT System Development 2nd round financing for the creation of a single IT system have been evaluated. | MoI | MoF, SRS, GPO, MoJ, KNAB, CPB | 31.12.2022 |
| 7.7. | Training in combating ML:1. Organise and conduct training of investigators and prosecutors on cryptocurrencies and related risks. | MONEYVAL Recommendation 7.1, 7.3, 7.4Complemented Latvian National ML/FT Risk Assessment Report (Sub-paragraph 1.3.7, page 8; | 1. Enhanced understanding of the use of cryptocurrencies in ML, the possibilities for identifying and arresting them. | 1. Investigators, prosecutors, judges, and FIU employees are trained according to the annual plan of the competent authority.  | MoJ (CA), LSPA | FCMC, SP, SRS, KNAB, VDD, GPO, SBG, ISB, MP, LPA, FIU | 31.12.2022 |
| 2. Organize and conduct training of investigators and analysts in the field of financial analysis and the organization of financial investigations. | 2. A more efficient identification of proceeds of crime is ensured. | 2. Investigators and analysts have been trained according to the annual plan of the competent authority. | MoJ (CA), LSPA | SP, SRS, KNAB, VDD, GPO, SBG, ISB, MP, LPA, FIU | 31.12.2022 |
| 3. Develop and implement the training programme “Recovery of proceeds of crime (identification, tracking, arrest, seizure during pre-trial investigation)”. | 3. Promoted understanding of the SP investigators and other officials about the identification of criminal proceeds and arrest of the property of suspects and persons who maintain a permanent relationship with the suspect, including abroad. | 3. SP investigators and other officials have been trained according to the annual plan of the competent authority. | State Police College |  | 31.12.2022 |
| 4. Implement training of judges, prosecutors and investigators on ensuring the amount of evidence required to investigate ML, including on punishment policy. | 4. A common practice has been established in the investigation of the ML, prosecution of individuals and the application of dissuasive penalties. | 4. Judges, prosecutors and investigators have been trained according to the annual plan of the competent authority. | MoJ (CA), GPO, Latvian Judicial Training Centre, LSPA | SP, SRS, KNAB, VDD, GPO, SBG, ISB, MP, LPA | Continuously |

1. **Course of Action 8 - Confiscation**

The body responsible for the course of action: MoJ

Co-responsible bodies: FIU, GPO, ISB, PA, KNAB, MP, NCIM interinstitutional working group, CA, LSPA, VDD, SRS, SP, SBG

|  |  |
| --- | --- |
| **Course of action** | **CONFISCATION** |
| **Goal to be achieved** | **Criminal proceeds and instrumentalities of crime are confiscated.** |
| **No.** | **Measure** | **Basis** | **Operating result** | **Resultative indicator** | **Responsible body** | **Co-responsible****bodies** | **Deadline** |
| 8.1. | Control of physical movements of cash, including related to ML/FTP, across borders. | MONEYVAL Recommendation 8.4National TF and PF Risk Report (p. 17) ;FATF Recommendation 32 | 1. More effective control of cash at the internal and external borders of Latvia is ensured.  | 1. At least 10 criminal proceedings are being initiated per year for non-declaration or false declaration and/or laundering of cash. | SRS |  | Continuously |
| 2. At least 3 criminal proceedings are being submitted for prosecution per year for non-declaration or false declaration and/or laundering of cash. | SRS | GPO | Continuously |
| 2. Amendments are made to national laws and regulations in relation to EU requirements for the control of cash brought into or out of the EU territory. | EU requirements for the control of cash brought into or out of the EU territory have been introduced. | MoF | SRS, MoJ, MoI, FIU | 03.06.2021 |
| 3. The necessary changes are made to IS to ensure registration of spent and unaccompanied cash declarations and exchange of information with the European Commission. | Work has been carried out on adapting customs IS to ensure the recording of declarations of accompanied and unaccompanied cash, including data transfer to the European Commission European Anti-Fraud Office (OLAF) Anti-Fraud Information System (AFIS) Customs Information System - CIS) database. | SRS |  | 03.06.2021 |
| 8.2. | Training:Implement joint training of prosecutors and investigators on the legal framework on specific confiscation of property and its application in practice.  | Complemented Latvian National ML/FT Risk Assessment Report (Sub-paragraph 1.3.7, page 8;MONEYVAL Recommendation 8.1 | 1. A common understanding of the legal framework for specific confiscation of property is promoted and its practical application is ensured more effectively. | 1. The investigators and prosecutors practising or potentially practising ML cases are trained in accordance with the annual plan of the competent authority.  | GPO, SP | SRS, KNAB, VDD, SBG, ISB, MP, LPA | Continuously |
| Continue to implement training on confiscation of proceeds of crime (including identification, freezing of assets, imposition of arrest, confiscation and enforcement of the decision/judgment in compliance with the regulatory framework, which entered into force on 1 August 2017).  | 2. A common understanding of the seizure and confiscation of proceeds of crime. | 2. Investigators, prosecutors and judges have been trained according to the annual plan of the competent authority.  | LSPA, MoJ (CA) | GPO, SP, SRS, KNAB, VDD, SBG, ISB, MP, LPA, FIU | 31.12.2022 |
| 8.3. | Improve (supplement) guidelines for the provision of specific confiscation of property in pre-trial criminal proceedings. | Complemented Latvian National ML/FT Risk Assessment Report (Sub-paragraph 1.3.7, page 8. | A common practice for the application of specific confiscation of the property has been established. | Improved and disseminated guidelines. | NCIM interinstitutional working group |  | Continuously |
| 8.4. | Regular collection and analysis of statistics on confiscation of proceeds of crime. | MONEYVAL Recommendation 8.2 | Comprehensive and transparent statistical data are obtained on the effectiveness of the confiscation of proceeds of crime. | An overview of the effectiveness of the confiscation of proceeds of crime has been prepared and conclusions are drawn to improve it. | MoJ | CA, GPO, SP, SRS, KNAB, VDD, SBG, ISB, MP, LPA | Annually, preparing the report for the preceding year until 1 March of the current year |
| 8.5. | Evaluate the implementation of the mechanism for confiscation of property outside criminal proceedings.  | The decision of the FSDB meeting of 10.09.2020 | The possibility of confiscation of the property has been analysed in case the legal origin of property cannot be ascertained.  | A report has been prepared and submitted for consideration to the FSDB. | MoJ  | FIU, MoI  | 01.03.2021 |

1. **Course of Action 9 - Investigation and Prosecution of Terrorist Financing**

The body responsible for the course of action: MoI

Co-responsible bodies: FIU, VDD

|  |  |
| --- | --- |
| **Course of action** | **INVESTIGATION AND PROSECUTION OF TERRORIST FINANCING** |
| **Goal to be achieved** | **TF offences and activities are investigated, and persons who finance terrorism are prosecuted and are subject to effective, proportionate and dissuasive sanctions.** |
| **No.** | **Measure** | **Basis** | **Operating result** | **Resultative indicator** | **Responsible body** | **Co-responsible****bodies** | **Deadline** |
| 9.1. | Promote and reinforce interinstitutional cooperation and exchange of information in the field of TF investigations and prosecutions. |  | A broader understanding of the field of TF among national institutions involved in the field of counterterrorism. | Include an item on current developments in the field of TF prevention on the agenda of each meeting of the Counterterrorism Centre's Expert Advisory Council. | VDD |  | According to the schedule of meetings (no more than 2 times a year) |
| 9.2. | Promote and reinforce international cooperation in the field of TF investigations and prosecutions. |  | Awareness of international practice and a more intensive exchange of information with foreign partners for global and regional current issues. | 1. Participation in Joint Investigation Teams. | VDD |  | By invitation |
| 2. Participation in working groups and seminars at the international level on TF investigation and prosecution. | VDD | FIU | By invitation |
| 9.3. | Increase the qualification of employees of investigating institutions in the investigation of TF-related crimes. |  | Employees of investigating institutions have been trained in cooperation with the services of foreign partners, at seminars and other training at an international level. Constantly increased qualification and competence. | Each investigating institution has a number of investigators who are specialised and improved their qualifications in investigating TF-related crimes. | VDD |  | Continuously |

1. **Course of Action 10 - Preventive Measures to Combat Financing Terrorism and Financial Sanctions**

The body responsible for the course of action: MoI

Co-responsible bodies: MoFA, FIU, FCMC, LGSI, MoC, Communication Working Group, BoL, LACIPA, LCSA, LCSN, LACA, ICS, NCCH, CRPC, VDD, SRS

|  |  |
| --- | --- |
| **Course of action** | **PREVENTIVE MEASURES TO COMBAT FINANCING TERRORISM AND FINANCIAL SANCTIONS** |
| **Goal to be achieved** | **Terrorists, terrorist organisations and terrorist funders have been prevented from raising, moving and exploiting funds and abusing the non-profit sector.** |
| **No.** | **Measure** | **Basis** | **Operating result** | **Resultative indicator** | **Responsible body** | **Co-responsible****bodies** | **Deadline** |
| 10.1. | Ensure that SCA and subjects of the law have access to up-to-date information and guidelines on the prevention of financing of terrorism and proliferation. |   | The materials and sources of information are known and accessible to the SCA and the subjects of the law. | Guidelines on the Prevention of Terrorism and Proliferation Financing have been evaluated and updated as necessary, including taking into account current foreign experience and the latest recommendations of international organizations. The guidelines include typologies for financing terrorism and their descriptions. | FIU  |  VDD, SCA | At least once a year |
| 10.2. | Raise awareness of the public and legal entities about the threat of financing terrorism and proliferation and the consequences of involvement in such transactions. |   | Increased awareness of the wider public about the threat of terrorism and proliferation financing and increased involvement in the prevention thereof.Increased awareness of subjects of the law about the threat of terrorism and proliferation financing. | 1. A public informative e-booklet has been developed with general information on terrorism and financing of terrorism for the general public. | FIU  | VDD | 01.07.2020 |
| 2. Common messages are developed for public authorities and public officials of SCA to use when giving interviews/information to the mass media, as well as making publications on social networks and websites. | Communication Working Group |  | Continuously |
| 10.3. | Promote effective identification of transactions with signs of TF and PF in the non-banking sector. | TF/PF risk report. | Appropriate technological and other solutions have been implemented, as well as the relevant subjects of the law have been trained on TF prevention and PF prevention. | 1. Consultations and training is provided for the subjects of the law to improve IKS in accordance with the annual plan of the competent authority. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS |  | Continuously |
| 2. Training of non-banking sector SCA and subjects of the law on prevention of TF and PF in accordance with the annual plan of the competent authority. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS | VDD | 31.08.2020 |
| 10.4. | Measures implementing Regulation (EU) 2019/880 of the European Parliament and of the Council of 17 April 2019 on the import and import of cultural property. |   | Increased public awareness and appropriately regulated import of cultural property. Minimised possibility of illegally importing cultural property into the EU. | Information dissemination campaign has been organised that improves public knowledge of the EC import regulation and its provisions. | NCCH | MoC | 31.12.2022 |
| 10.5. | Training for different target audiences on the recognition of cultural property. |  | Awareness of various target audiences about threatened cultural property and monuments is improved, thus reducing the risk that such objects could appear on the Latvian market or Latvia could become a transit country.  | Training and seminars are organised:1) for postal and law enforcement agencies — customs, SP, SBG;2) for participants in the market of art and antique objects;3) employees of public and private museums.  | NCCH | MoC | 31.12.2022 |
| 10.6. | International Conference dedicated to the 50th anniversary of the UNESCO 1970 Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property and the 25th Anniversary of the UNIDROIT Convention. |   |  Enhanced international cooperation and understanding with countries with varying levels of experience in the field of ML/FTP and violation of sanctions by inviting internationally recognised experts and representatives from the States Parties to the UNESCO 1970 Convention.  | 1. An international conference on the prevention of illicit movement of cultural heritage has been organised, which has facilitated the exchange of experience and cooperation between the States Parties to the UNESCO 1970 Convention by strengthening more direct networking.  | NCCH | MoC | 31.12.2020 |
| 2. Experience and contacts gained at the international conference ensure the quality of activities in the field of ML/FTP and violation of sanctions for both Latvia and other participants of the conference. | NCCH | MoC | 31.12.2022 |
| 10.7. | Information campaign for the general public (e.g. airport, post office, National Library of Latvia) on the prevention of illegal movement of cultural property. |   | Increased awareness and understanding of the general public about the illegal movement of cultural property and reduced the number of cases of unintentional trafficking of cultural property. | An information campaign on the illegal movement of cultural property and its prevention has been organized. | NCCH | MoC | 31.12.2021 |
| 10.8 | Informing the subjects of the law on typologies used for the violation and circumvention of sanctions, as established during inspections. |   | The awareness and ability of the subjects of the law to recognise cases of violation and circumvention of sanctions has increased.  | A number of informative actions according to the annual plan of the competent authority. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS |  | Continuously |
| 10.9 | Take anti-radicalisation measures to limit the number of radicalised individuals who may be involved in TF. | TF/PF risk report. | There is an increased awareness of the signs of radicalisation and prevention of radicalisation by professional groups that are most susceptible to radicalisation. | 1. The professional groups who are most susceptible to radicalisation have been trained on the signs of radicalisation and prevention of radicalisation. | VDD |  | Continuously |
| 2. The meetings of the Interinstitutional Anti-Radicalisation Task Force PREVENT have examined the training and involvement of new professional groups, including NGOs, in anti-radicalisation activities. | VDD |  | According to the schedule of meetings |
| 10.10 | Reduce the risks of anonymity and fraud in the field of off-site financial services. | TF/PF risk report. | The risks of anonymity and fraud in the field of off-site financial services have been reduced. | Consultations and training have been provided for the subjects of the law to improve IKS in accordance with the annual plan of the competent authority. | FCMC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, CRPC, LACIPA, ICS | Subjects of Law | At least once a year |
| 10.11 | When exercising supervision of NGOs, assess their potential link to TF risks. | TF/PF risk report. | Enhanced and broader supervision of NGOs, as well as reports to FIU on transactions of NGOs, linked to TF risks, including receiving donations. | The list of NGOs linked to TF risks is regularly updated. | SRS | FIU, VDD | Every six months |
| 10.12 | Develop and implement criteria for assessing the sanctions risks of credit institutions. |   | Uniform criteria for assessing the risk of credit institutions in the area of compliance with sanctions have been introduced.  | Criteria have been developed and implemented. | FCMC |  | 31.12.2020 |
| 10.13 | Improving the procedure for taking into account the sanctions risk in determining the risk classification of credit institutions. |   | The impact of sanctions risk in the risk classification of credit institutions is ensured. | The risk classification of credit institutions has been improved. | FCMC |  | 31.12.2020 |
| 10.14 | Improving the modalities for planning and enforcement of sanctions compliance supervisory measures on the basis of a sanction risk assessment. |   | A risk-based procedure for planning and implementing supervisory measures has been developed. | The documents governing the planning and enforcement of supervisory measures have been amended. | FCMC |  | 31.12.2020 |
| 10.15 | Improve private sector knowledge on TF prevention and existing sanctions regimes. | TF/PF risk report. | Ensured more intensive involvement of the private sector in TF prevention. | Public information materials have been developed in accordance with the annual plan of the competent authority and regular informative campaigns are implemented in the private sector regarding the current sanction regimes. | FCMC, CRPC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, LACIPA, ICS, VDD, MoFA |  | Continuously |

**11. Course of Action 11 - Financial Sanctions for Weapons of Mass Destruction**

The body responsible for the course of action: MoFA

Co-responsible bodies: FIU, FCMC, MoF, LGSI, MoI, BoL, LACIPA, LCSA, LCSN, LCSA, ICS, NCCH, CRPC, VDD, SRS

|  |  |
| --- | --- |
| **Course of action** | **FINANCIAL SANCTIONS FOR WEAPONS OF MASS DESTRUCTION** |
| **Goal to be achieved** | **In accordance with the relevant UN SC Resolutions, persons and organisations involved in the proliferation of weapons of mass destruction have been prevented from attracting, transferring and using funds.** |
| **No.** | **Measure** | **Basis** | **Operating result** | **Resultative indicator** | **Responsible body** | **Co-responsible****bodies** | **Deadline** |
| 11.1. | Promote supervision in the field of PF prevention. | Compliance with FATF standards. | Improved risk-based supervision. | Targeted inspections in the area of compliance with sanctions and prevention of PF are carried out according to the risk assessment and in accordance with the annual plan of the competent authority. | FCMC, CRPC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, LACIPA, ICS |  | 31.12.2022 |
| 11.2. | Strengthen prevention in the field of combating PF. | Compliance with FATF standards. | Increased effectiveness of preventive measures. | 1. The information materials, guidelines and binding rules on sanctions and PF risks have been improved in accordance with the latest information. | FCMC, CRPC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, LACIPA, ICS |  | Every six months |
| 2. Specialized training programs on sanctions and PF issues have been established. | FCMC, CRPC, SRS, BoL, LGSI, LCSA, LCSN, LACA, NCCH, LACIPA, ICS | MoFA, FIU, VDD | Continuously |
| 11.3. | Improve the international reputation of Latvia as a country that has successfully strengthened the financial sector in a crisis situation. |   | The reputation of the Latvian financial sector is strengthened. | 1. Participation in international meetings to defend Latvia's interests in MONEYVAL and FATF matters is ensured. | MoFA | MoI, MoF, FIU | Continuously |
| 2. An international conference on matters of prevention of PF and circumvention of sanctions is organized in Riga. | FIU | MoFA, MoI, MoF, FCMC, VDD | Once every year |

**IV Impact Assessment on State and Municipal Budgets**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Task | Measure | Code and name of the budget programme (sub-programme) | Additional funding required for the Ministry of the Interior\* and the planned funding for the Ministry of Foreign Affairs  | Funding required according to the plan | Year of implementation of the action (if the implementation of the action is timed) |
| \*Funding planned in the medium-term budget framework(redistribution from the budget department "74. "Funding for redistribution in the process of implementation of the annual state budget" program 80.00.00 "Undistributed funding for the implementation of projects and activities co-financed by the European Union policy instruments and other foreign grants").  |  (planned funding in 2020 - 2022 from the budget department “74. “Funding for redistribution in the process of implementation of the annual state budget” program 10.00.00 “Prevention of money laundering and terrorist financing”  in the amount of EUR 10 000 000 annually) Funding is redistributed to the relevant institutions in accordance with the decisions of the Cabinet of Ministers.  | in the following period until the completion of the activity (if the implementation of the activity is timed) | thereafter annually (if the implementation of the activity is not timed) |
| 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| **Total funding for implementation of the plan** **(with adjustment -1 200 002 EUR)** |   |   | **221 000** | **249 050** | **249 050** | **3 192 717** | **7 857 192** | **8 227 953** | **27 000** | **6 080 951** | **x** |
| According to the decision of the Cabinet of 8 October 2019 (minutes No. 46 par. 28) **Ministry of Justice** |   |   |   |   |   | **-1 200 002** |   |   |   |   | x |
| **Total funding for implementation of the plan** |   |   | **221 000** | **249 050** | **249 050** | **4 392 719** | **7 857 192** | **8 227 953** | **27 000** | **6 080 951** | **x** |
| **Ministry of the Interior** |   | 02.03.00 “Maintenance and Management of the Unified Communication and Information System” |   |   |   | 0 | 28 520 | 0 | 0 | 0 | x |
| **Ministry of the Interior** |   | 06.01.01 “State Police” |   |   |   | 0 | 961 192 | 934 696 | 0 | 934 696 | x |
| **Ministry of the Interior** |   | 09.00.00 “Operation of the State Security Service” |   |   |   | 0 | 110 836 | 157 681 | 0 | 157 681 | x |
| **Ministry of the Interior** |   | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   | 2 362 691 | 2 169 219 | 3 166 101 | 0 | 1 691 287 | x |
| **Ministry of the Interior** |   | 71.06.00 “Projects financed by the European Economic Area and Norway Grants” | 0 | 150 000 | 150 000 |   |   |   |   |   |   |
| **Ministry of Culture** |   | 21.00.00 “Heritage” |   |   |   | 73 807 | 171 607 | 62 407 | 0 | 62 407 | **x** |
| **Ministry of Foreign Affairs** |   | 97.00.00 “Sector Management and Policy Planning” | 221 000 | 99 050 | 99 050 | 24 287 | 138 936 | 26 986 | 0 | 26 986 | x |
| **Ministry of Justice** |   | 03.02.00 “Regional Courts and District (City) Courts” |   |   |   | 0 | 32 161 | 29 937 | 0 | 29 937 | x |
| **Ministry of Justice** |   | 06.01.00 “Registration of Legal Persons” |   |   |   | 1 200 002 | 1 876 589 | 1 931 341 | 0 | 1 391 002 | x |
| **Ministry of Justice** |   | 06.03.00 “Management of Insolvency Proceedings” |   |   |   | 0 | 55 774 | 51 374 | 0 | 51 374 | x |
| **Ministry of Justice** |   | 09.01.00 “Protection of the National Language” |   |   |   | 48 649 | 48 649 | 48 649 | 0 | 48 649 | x |
| **Ministry of Justice** |   | 09.02.00 “Personal Data Protection” |   |   |   | 0 | 64 643 | 108 224 | 0 | 108 224 | x |
| **Ministry of Justice** |   | 09.07.00 “Official Publications and Provision of Legal Information” |   |   |   | 48 041 | 48 041 | 48 041 | 0 | 48 041 | x |
| **Ministry of Finance** |   | 33.00.00 “Provision of State Revenue and Customs Policy” |   |   |   | 555 710 | 1 592 348 | 816 653 | 0 | 816 653 | x |
| **Ministry of Finance** |   | 97.00.00 “Sector Management and Policy Planning” |   |   |   | 27 000 | 27 000 | 27 000 | 27 000 | 0 | x |
| **State Chancellery** |   | 01.00.00 “Ensuring the Functioning of the Cabinet of Ministers, Public Administration Policy” |   |   |   | 29 040 | 0 | 0 |   |   | x |
| **Office of the Prosecutor** |   | 01.00.00 “Operation of the Prosecutorial Institutions” |   |   |   | 23 492 | 166 577 | 112 761 | 0 | 112 761 | x |
| **Corruption Prevention and Combating Bureau** |   | 01.00.00 “Corruption Prevention and Combating Bureau” |   |   |   | 0 | 365 100 | 706 102 | 0 | 601 253 | x |
| **Course of action 1: risks, policy and coordination**  |
|   | **Activity 1.1 Provide comprehensive statistical data on the effectiveness and productivity of ML/FTP prevention systems and measures.** |
|   | **Ministry of the Interior** | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   | 5 000 |   |   |   |   | 2020 |
|   | **Activity 1.2 Conduct the National ML/FTP Risk Assessment for 2017-2019 and 2020-2022.** |
|   | **Ministry of the Interior** | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   | 4 500 | 50 000 | 50 000 |   |   | 2022 |
|   | **Activity 1.3 Ensure understanding of the subjects of the law and the responsible bodies on the ML/FTP risks inherent to the activities of the subjects of the law, provide information and training.****1.3. (3) Specialized training has been carried out for certain groups of subjects of the law on topical issues of prevention of ML/FTP - providing information to subjects of the law about the results of national risk assessments, which are implemented in the internal policies, procedures and control systems of the subjects of the law.** |
|   | **Ministry of the Interior** | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   | 42 100 | 42 100 | 42 100 | 0 | 42 100 | x |
|   | **Activity 1.8 Provide information coverage in the information space on AML/CFTP issues.****1.8. (1) The independent content channel "MONEYVAL" created by the LV portal has been updated and maintained.****Permanently updated, multimedia thematic section "MONEYVAL" on LV portal throughout the period of the activity.** |
|   | **Ministry of Justice** | 09.07.00 “Official Publications and Provision of Legal Information” |   |   |   | 48 041 | 48 041 | 48 041 | 0 | 48 041 | x |
|  | **Activity 1.8 Provide information coverage in the information space on AML/CFTP issues.****1.8. (2) Major AML/CFTP laws and other documents are available and translated to and from English or other necessary languages in line with the amount of allocated funding.** |
|  | **Ministry of Justice** | 09.01.00 “Protection of the National Language” |   |   |   | 48 649 | 48 649 | 48 649 | 0 | 48 649 | x |
|   | **Activity 1.9 Improve the international reputation of the financial sector of Latvia.** |
|   | **State Chancellery** | 01.00.00 “Ensuring the Functioning of the Cabinet of Ministers, Public Administration Policy” |   |   |   | 29 040 |   |   |   |   |   |
| **Course of action 2: international cooperation**  |
|   | **Activity 2.2 Ensure representation of the FIU in meetings organised by the Egmont Group, MONEYVAL, as well as on the platform of EU financial intelligence units.** |
|   | **Ministry of the Interior** | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   | 35 000 | 69 200 | 69 200 | 0 | 69 200 | x |
|  | **Activity 2.7 Organise an international plenary meeting of the Egmont Group in Riga.** |
|  | **Ministry of the Interior** | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   |   | 83 000 | 747 000 | 0 | 0 | 2022 |
| **Course of action 3: supervision** |
|   | **Activity 3.1 Ensure a risk-based supervisory process.** |
|   | **Ministry of Finance**  | 33.00.00 “Provision of State Revenue and Customs Policy” |   |   |   | 115 538 | 30 247 | 30 247 |   | 30 247 | x |
|   | **Activity 3.2 Review the number and resources of SCA personnel to ensure they are able to adequately manage the identified risks and supervise the activity of the subjects of the law in regard to risks.****3.2. (1) 3 new posts have been created in the NCCH.** |
|   | **Ministry of Culture** | 21.00.00 “Heritage” |   |   |   | 56 807 | 53 607 | 53 607 | 0 | 53 607 | x |
|  | **Activity 3.2 Review the number and resources of SCA personnel to ensure they are able to adequately manage the identified risks and supervise the activity of the subjects of the law in regard to risks.****3.2. (3) 2 new posts have been created in the ICS.** |
|  | **Ministry of Justice** | 06.03.00 “Management of Insolvency Proceedings” |   |   |   | 0 | 55 774 | 51 374 |   | 51 374 |   |
| **Course of action 4: preventive measures** |
|   | **Activity 4.1 Implement FIU data collection and analysis, including the goAML system, whilst phasing out the parallel suspicious transaction reporting system and ensuring that a single channel is used for reporting suspicious transactions to the FIU and the SRS.** |
|   | **Ministry of the Interior** | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   | 0 | 28 000 | 8 000 | 0 | 3 000 | maintenance on a permanent basis |
|   | **Ministry of Finance**  | 33.00.00 “Provision of State Revenue and Customs Policy” |   |   |   | 0 | 173 006 | 12 110 | 0 | 12 110 | maintenance on a permanent basis |
|  | **Activity 4.2 Develop a single website for the screening of sanctioned persons as well as the restrictions imposed.** |
|  | **Ministry of Foreign Affairs** | 97.00.00 “Sector Management and Policy Planning” | 221 000 | 99 050 | 99 050 | 0 | 111 950 | 0 |   |   | maintenance on a permanent basis (planned in VB) |
|   | **Activity 4.7 Improving regulatory compliance with international conventions. Development of a regulatory framework for the movement of cultural property and the subjects of law involved in it.****4.7. (2) (2) Developed licensing or registration system of persons operating in the circulation of art and antique objects — IT solutions and their maintenance, e-service is developed.** |
|   | **Ministry of Culture** | 21.00.00 “Heritage” |   |   |   | 0 | 20 000 | 2 000 | 0 | 2 000 | IT solution 2022maintenance on a permanent basis |
|   | **Activity 4.9 Development and maintenance of a module of control of changes in ownership of cultural monuments with integrated data analysis tools.****The module has an interface with IS Heritage and the State Register of Protected Cultural Monuments.** |
|   | **Ministry of Culture** | 21.00.00 “Heritage” |   |   |   | 0 | 68 000 | 6 800 | 0 | 6 800 | IT solution 2022maintenance on a permanent basis |
|  | **Activity 4.10 Improve the availability of information for customer due diligence.** |
|  | **Ministry of Justice** |   |   |   |   | 0 | 64 643 | 108 224 | 0 | 108 224 |   |
|  | **Activity 4.14 Implement the technical assistance project of the Department of the Treasury's Office of Technical Assistance.** |
|  | **Ministry of Finance**  | 97.00.00 “Sector Management and Policy Planning” |   |   |   | 27 000 | 27 000 | 27 000 | 27 000 | 0 | 2023 |
| **Course of action 5: legal entities and arrangements** |
|   | **Activity 5.1 Provide free access to the information on the registers kept by the Republic of Latvia.** |
|   | **Ministry of Justice** | 06.01.00 “Registration of Legal Persons” |   |   |   | 1 200 002 | 1 200 002 | 1 200 002 | 0 | 1 200 002 | x |
|   | **Activity 5.2 Ensure a common approach in cases where false information on the BO may have been submitted in the registers kept by the RoE.** |
|   | **Ministry of Justice** | 06.01.00 “Registration of Legal Persons” |   |   |   | 0 | 676 587 | 731 339 | 0 | 191 000 | x |
| **Course of action 6: financial intelligence** |
|   | **Activity 6.1 Strengthen the capacity of law enforcement agencies in the area of parallel financial investigations.** |
|   | **Ministry of the Interior** | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   | 80 000 | 60 000 | 40 000 | 0 | 40 000 | x |
|   | **Activity 6.2 Strengthen the capacity of the FIU in both strategic analysis and operational analysis.****6.2. (1) By 2022, additional 8 posts have been created for the effective implementation of FIU functions, strengthening strategic and operational analysis — 2 new posts are created in 2020, 2 more new posts are created in 2021, and 4 more new posts - in 2022.** |
|   | **Ministry of the Interior** | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   | 82 513 | 195 365 | 390 729 | 0 | 390 729 | x |
|   | **Activity 6.2 Strengthen the capacity of the FIU in both strategic analysis and operational analysis.****6.2. (2) Continuous training and qualification improvement of FIU staff is ensured.** |
|   | **Ministry of the Interior** | **71.06.00 “Projects financed by the European Economic Area and Norway Grants”***Within the framework of the European Economic Area Financial Instrument 2014.2021 programme “International Police Cooperation and Combating Crime” the Financial Intelligence Unit will implement the project “Improvement of Employee Knowledge in Combating Money Laundering in Latvia”**The total cost of the project 450 000 EUR,**duration of project implementation - 36 months (breakdown by year can be specified)* | 0 | 150 000 | 150 000 |   |   |   |   |   |   |
|   | **Ministry of the Interior** | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   | 122 148 | 103 708 | 103 708 | 0 | 57 708 | x |
|   | **Activity 6.2 Strengthen the capacity of the FIU in both strategic analysis and operational analysis.****6.2. (3) The effectiveness of FIU software is improved, necessary improvements in data processing and analysis have been made regularly, and FIU digital information resources and data exchange channels have been improved and supplemented.** |
|   | **Ministry of the Interior** | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   | 1 044 250 | 673 568 | 683 668 | 0 | 572 316 | x |
|   | **Activity 6.2 Strengthen the capacity of the FIU in both strategic analysis and operational analysis.****6.2. (4) FIU employees have commenced work on premises that comply with the requirements set out in the Cabinet Regulations of 6 January 2004 No. 21 "Regulations Regarding the Protection of Official Secrets and the Classified Information of the North Atlantic Treaty Organisation, European Union and Foreign Authorities" and the Cabinet Regulations of 12 July 2016 No. 2 "Uniform Requirements for the Public Administration Office Buildings and Groups of Office Premises".** |
|   | **Ministry of the Interior** | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   | 9 075 | 308 816 | 516 234 | 0 | 516 234 | x |
|   | **Activity 6.2 Strengthen the capacity of the FIU in both strategic analysis and operational analysis.****6.2. (5) The process of payment of creditor claims in the LAS ABLV proceedings is ensured in accordance with the requirements of the Law on PMLTPF, while conducting strategic analysis at the same time (for example, defining typologies, indicators etc.).** |
|   | **Ministry of the Interior** | 43.00.00 “Operation of the Financial Intelligence Unit” |   |   |   | 938 105 | 555 462 | 515 462 | 0 | 0 | 2022 |
| **Course of action 7: investigation and prosecution of money laundering** |
|   | **Activity 7.2 By identifying combating ML as a priority, strengthen the capacity of the labour resources of investigating institutions, prosecutors and judiciary to fully process, investigate and adjudicate potentially growing scope of verifiable information and the number of criminal proceedings in the field of the ML.** |
|  | **Ministry of Finance**  | 33.00.00 “Provision of State Revenue and Customs Policy” |   |   |   | 0 | 414 687 | 408 887 | 0 | 408 887 | x |
|  | **Ministry of the Interior** | 02.03.00 “Maintenance and Management of the Unified Communication and Information System” |   |   |   |   | 28 520 |   | 0 | 0 | 2021 |
|  | **Ministry of the Interior** | 06.01.00 “State Police”  |   |   |   |   | 961 192 | 934 696 |   | 934 696 | x |
|   | **Ministry of the Interior** | 09.00.00 “Operation of the State Security Service” |   |   |   | 0 | 110 836 | 157 681 | 0 | 157 681 | x |
|  | **Office of the Prosecutor** | 01.00.00 “Operation of the Prosecutorial Institutions” |   |   |   | 23 492 | 166 577 | 112 761 | 0 | 112 761 | x |
|  | **Ministry of Justice** | 03.02.00 “Regional Courts and District (City) Courts” |   |   |   |   | 32 161 | 29 937 | 0 | 29 937 | x |
|  | **Corruption Prevention and Combating Bureau** | 01.00.00 “Corruption Prevention and Combating Bureau” |   |   |   | 0 | 365 100 | 706 102 | 0 | 601 253 | x |
| **Course of action 8: confiscation** |
|   | **Activity 8.1 Control of physical movements of cash, including related to ML/FTP, across borders.** |
|   | **Ministry of Finance**  | 33.00.00 “Provision of State Revenue and Customs Policy” |   |   |   | 404 677 | 891 587 | 357 126 | 0 | 357 126 | x |
| **Course of action 10: preventive measures to combat financing terrorism and financial sanctions** |
|   | **Activity 10.6 International Conference dedicated to the 50th anniversary of the UNESCO 1970 Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property and the 25th Anniversary of the UNIDROIT Convention.** |
|   | **Ministry of Culture** | 21.00.00 “Heritage” |   |   |   | 17 000 |   |   |   |   | 2020 |
|   | **Activity 10.7 Information campaign for the general public (e.g. airport, post office, National Library of Latvia) on the prevention of illegal movement of cultural property.** |
|   | **Ministry of Culture** | 21.00.00 “Heritage” |   |   |   |   | 30 000 |   |   |   | 2021 |
|   | **Activity 10.11 When exercising supervision of NGOs, assess their potential link to TF risks.** |
|   | **Ministry of Finance**  | 33.00.00 “Provision of State Revenue and Customs Policy” |   |   |   | 35 495 | 82 821 | 8 283 | 0 | 8 283 | x |
| **Course of action 11: financial sanctions for weapons of mass destruction** |
|   | **Activity 11.3 Improve the international reputation of Latvia as a country that has successfully strengthened the financial sector in a crisis situation.****11.3. (1) Participation in international meetings to defend Latvia's interests in MONEYVAL and FATF matters is ensured.** |
|   | **Ministry of Foreign Affairs** | 97.00.00 “Sector Management and Policy Planning” |   |   |   | 24 287 | 26 986 | 26 986 | 0 | 26 986 | x |

Minister of the Interior S. Ģirģens

1. According to Sub-paragraph 1.3.7 of the Complemented Latvian National ML/FT Risk Assessment Report, one of the factors that create the most significant national vulnerability is the fact that the state policy in the field of AML/CFT is fragmented, not always ensuring sufficient coordination among the involved institutions, which, in turn, hinders the timely awareness of existing and future threats and vulnerabilities in the field of AML/CFT and the possibility of timely elimination. [↑](#footnote-ref-2)
2. According to Sub-paragraph 1.3.7 of the Complemented Latvian National ML/FT Risk Assessment Report, one of the factors that create the most significant national vulnerability is different understanding and practice by investigating institutions, prosecutor's office and court in combating ML/FT, that do not demonstrate prevention and effective implementation of the principles of the inevitability of punishment. [↑](#footnote-ref-3)