



Government of Monaco
PRINCIPALITY OF MONACO
PRINCIPAUTE DE MONACO



NATIONAL STRATEGY 2022–2024

ANTI-MONEY LAUNDERING, COUNTERING TERRORIST
FINANCING AND THE PROLIFERATION OF WEAPONS OF
MASS DESTRUCTION

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GLOSSARY

Acronym	Meaning
AMAF	Association Monégasque des Activités Financières (Monaco Association for Financial Activities).
AMPA	Association Monégasque des Professionnels en Administration des Structures Etrangères (Monegasque Association of Corporate Service Providers)
ML/TF	Money laundering and terrorist financing
ML/TF-P	Money laundering, terrorist financing and the proliferation of weapons of mass destruction
BSM	Brigade de Surveillance Mixte (Joint Surveillance Unit)
CCIN	Commission de Contrôle des Informations Nominatives (Data Protection Authority)
CERC	Commission d'Examen des Rapports de Contrôle (Audit Report Review Commission)
CIM	Chambre Immobilière Monégasque (Monegasque Chamber of Real Estate)
FIU	Financial Intelligence Unit
CSP	Company Service Provider
CSSF	Commission de Surveillance du Secteur Financier (Luxembourg Financial Supervisory Authority)
DoJ	Department of Justice
PD	Police Department
NRA	National Risk Assessment
DNFBP	Designated Non-Financial Businesses and Profession
FINMA	Swiss Financial Market Supervisory Authority
IMF	International Monetary Fund
FATF	Financial Action Task Force
AML/TF	Anti-money laundering and counter-terrorist financing
AML/TF-P	Anti-money laundering, counter-terrorist financing and the proliferation of weapons of mass destruction
OECM	Member of the Order of Chartered Accountants of Monaco
UNODC	United Nations Office on Drugs and Crime
PEP/PPE	Politically Exposed Person
RCI	Trade and Industry Registry
SICCFIN	Service d'Information et de Contrôle sur les Circuits Financiers
TCSP	Trust and Company Service Provider
EU	European Union

CONTEXT OF AML/TF-P IN MONACO

The Principality adopted its first anti-money laundering law, creating SICCFIN, in 1993. The national system has undergone a series of changes since.

In 2002, for example, the IMF commented during its first assessment visit (Cf. *MONACO Assessment of the Supervision and Regulation of the Financial Sector*), that:

“Overall, the supervisory authorities have the necessary regulations and guidance in place and are providing the necessary oversight of AML/CFT. SICCFIN has the primary responsibility in this regard. In the banking sector, the FCB reviews all aspects of banking activity, including those related to AML/CFT, but SICCFIN has full responsibility for compliance with AML/CFT. In addition, banks’ internal audit and the concern to avoid reputation risk, assist in ensuring that good AML practices are followed, including, in particular, good customer due diligence practices. All other financial sectors have customer due diligence guidelines in place, and verification of their implementation is in place or planned, by SICCFIN.”

The Principality of Monaco has, in fact, in accordance with the firmly reiterated position stated by HSH Prince Albert II during his accession speech in 2005, set itself the objective of complying with the highest international standards on preventing and combating financial crime.

The Principality’s economic development policy is dependent on this requirement for compliance.

Accordingly, as part of the Monetary Agreement signed with the European Union in 2011, Monaco has adopted equivalent measures to those implemented by the Member States pursuant to the Union acts required to transpose this agreement into natural law, particularly in the areas of preventing and combating ML/TF.

To date, the requirements of the 5th European Directive¹ have been transposed into Monegasque law by Act no. 1.503 of 23 December 2020 strengthening the system of anti-money laundering, counter-terrorist financing and corruption; the law is currently the subject of a bill aimed at supplementing its provisions. Directive (EU) 2018/1673 of 23 October 2018 on combating money laundering by criminal law is in the process of being transposed into domestic law.

¹ Directive (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/EU, also referred to as the 5th Anti-Money Laundering Directive;

Over the past three decades, SICCFIN has entered into 61 cooperation agreements with Financial Information Units (FIUs). In addition, there have been specific recent agreements (with the Swiss Financial Market Supervisory Authority (FINMA) and the Luxembourg Financial Supervisory Authority (CSSF)) allowing the supervisory authorities of foreign jurisdictions to carry out direct audits on the ground, in Monaco, of entities that belong to groups for which the authorities are responsible for consolidated surveillance and the application of AML/TF-P.

Accordingly, in addition to “usual” international and national actions, Monaco’s AML/TF-P policy aims to expand the field of strategic partnerships to increase the effectiveness of its actions.

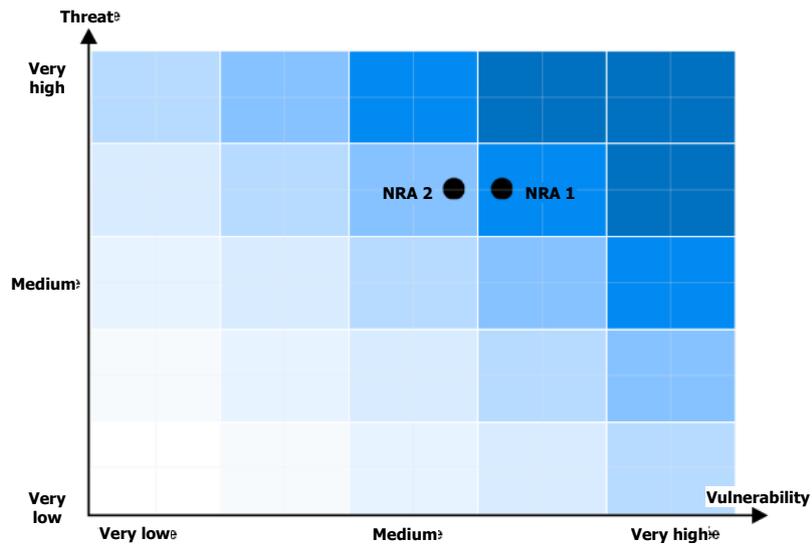
A memorandum of understanding on combating terrorism was also signed on 26 March 2021 by the French Minister of Justice and the Secretary of Justice, as the head of the Department of Justice of the Principality of Monaco. This memorandum forms part of the bilateral agreement on mutual judicial assistance in criminal matters entered into by France and Monaco in 2005.

INTRODUCTION TO THE NATIONAL STRATEGY 2022–2024

From the NRA to the National Strategy

The Principality instigated its first National Risk Assessment (NRA) in December 2015 to gain a clearer understanding of threats and vulnerabilities in relation to money laundering. This initiative resulted in an initial action plan, which was approved by the government in 2018, aimed at responding effectively to the risks identified.

Implementing certain measures that formed part of the government action plan based on the conclusions of the first NRA helped to reduce the country’s level of vulnerability, as evidenced by the second NRA, which was carried out between June 2020 and July 2021. As the following diagram shows, although the threat remains medium to high, the level of vulnerability is now medium:



The NRAs, which are supposed to be updated regularly, are an important tool in understanding the vulnerabilities in the national system and an action plan was produced following the second one.

The findings from the second NRA showed that, although the initial action plan had been broadly followed (almost two thirds of the actions had been completed or were underway), the second plan would be more effectively implemented by the various actors concerned if it were incorporated into a National Strategy on AML/TF-P, mobilising the various ministerial departments and directorates, led by the Minister of State, with the participation of the Ministries of Finance, the Economy and the Interior, the Department of Justice and all the relevant units concerned, including SICCFIN.

Management of the National Strategy

In addition, resources will be allocated to the national strategy to enhance the interministerial nature of AML/TF-P, the cornerstone of which is the Coordination and Monitoring Committee of the national strategy on anti-money laundering, countering terrorist financing, the proliferation of weapons of mass destruction and corruption. The Committee, instituted by Sovereign Ordinance no. 8.964 of 6 December 2021, brings together all interested stakeholders, including representatives from the private sector, who form part of a specific college, and is chaired by the Minister of State. It is responsible for ensuring the effective implementation of the strategy and in practical terms, monitoring and updating the action plan and its priorities.

Various actions will be carried out by the ministerial departments, the Department of Justice, and the relevant directorates and units, each with responsibility for their implementation and timetable.

Regular progress reports will be sent to the Coordination Committee responsible for the national strategy and with powers to amend the strategy if necessary.

SICCFIN will act as the Committee's secretariat, will not only ensure continuous, harmonious support for the institutions involved, but also the most effective possible cooperation with the private sector on aspects concerning it.

The national strategy will be implemented in accordance with strict compliance on personal data protection, in conjunction with the Monegasque Data Protection Authority (CCIN), which will be consulted as necessary.

Updating of the National Strategy

The national strategy will be updated to coincide with the third NRA, which the Principality of Monaco will carry out from 2024. It will therefore continue to be deployed until the new assessment has been concluded, and will be revised based on its findings.

The third NRA will provide an opportunity to measure results and draw any conclusions that may be useful for updating the strategy.

The guiding principles and six pillars of the National Strategy

The national strategy for 2022-2024 outlined below is based on three guiding principles:

1. Prevention:

Professionals' due diligence obligation in respect of their customers is an essential element of AML/TF-P. SICCFIN and the other supervisory authorities (the Chair of the Bar Council and the Public Prosecutor) must therefore monitor compliance with their various obligations. Supporting and supervising professionals is therefore a major plank of the national strategy.

2. Deterrence:

This currently relies on two types of sanction, administrative and criminal:

- a. The purpose of the Audit Report Review Commission (CERC) created by the provisos of Article 65-1 of Act. No. 1.362 as amended is to propose sanctions to

the Minister of State for breaches found by SICCFIN in relation to its audit operations.

- b. A strong judicial system, which contributes effectively to combating financial crime. Criminal sanctions act as a deterrent and in particular, make use of relevant seizure, freezing of funds and confiscation procedures.

The national strategy will help to strengthen both these aspects of the enforcement policy and optimise the resources deployed.

3. National coordination and international cooperation:

This takes two forms:

- a. National coordination: it is important to strengthen joint working methods to ensure all the services concerned are efficient and work in a consistent manner. Coordination has already been formalised between various State services by working groups or institutionalised committees, including a coordination committee, a liaison committee and more recently, the National Strategy Coordination Committee. In addition to these committees, there is the contact group, which links SICCFIN and the Department of Justice under the authority of the head of the Department of Justice. First and foremost, it will be a matter of continuing these efforts and working together to tackle new areas, including crypto-assets and the proliferation of weapons of mass destruction, as well as any new trend that might emerge during the deployment of the strategy.
- b. International cooperation: on the one hand, facilitating mutual assistance in criminal matters at the international level and on the other, cooperating through the signature of cooperation agreements with other FIUs based on the EGMONT Group template (61 agreements signed to date) or foreign supervisory authorities in respect of AML/TF-P.

In general terms, the national strategy set out below has been defined as an extension of these principles and based on the following six pillars:

- **Enhance the legislative and regulatory framework;**
- **Strengthen technical and human resources;**
- **Provide more support for professionals subject to the relevant laws and regulations;**

- **Prevent risks based on a better understanding of the stakeholders concerned and optimising supervision;**
- **Continue and strengthen national coordination and international cooperation;**
- **Improve the framework for combating terrorist financing.**

These six pillars covers all the themes featured in the action plan whose implementation will provide an opportunity to optimise the national system and strengthen its operational effectiveness for the long term.

PILLAR 1: ENHANCE THE LEGISLATIVE AND REGULATORY FRAMEWORK

The Principality of Monaco embarked on implementing an active policy of AML/TF in the 1990s. The first Monegasque regulations were adopted in 1993 and the Service d'Information et de Contrôle sur les Circuits Financiers was created in 1994. Since then, Monaco's legislative and regulatory system has been amended and strengthened on several occasions to reduce its vulnerability and protect the Principality's financial marketplace more effectively from the risks it faces in respect of AML/TF-P.

In terms of keeping its AML/TF-P legislation up to date, Monaco will adopt measures equivalent to the provisions set out in the "Legislative Package" presented by the European Commission in July 2021, which aim to update, strengthen and harmonise the applicable rules, particularly in respect of due diligence in relation to customers and beneficial owners.

The Principality is also committed to updating its legislation in response to changes to the recommendations made by the Financial Action Task Force (FATF), where necessary.

In the future, the Principality will pursue work on enhancing the legislative and regulatory framework, taking into account the results of the most recent National Risk Assessment and changes in the European and international legal framework on AML/TF-P. The Principality has identified the following key areas for improvement in order to reduce its vulnerabilities:

1. Adjustments to existing provisions

The results of the second NRA² show significant progress since the first assessment, reducing the level of risk considerably in several areas.

However, in spite of the progress made, the level of certain risks still requires improvements to be made to the legislative and regulatory framework currently in effect in the short and medium term. Changes are needed in the following main areas:

- Supplement the legal framework to improve the system of criminal responsibility for legal persons, first, by extending the scope of criminal sanctions and secondly, by strengthening the legislative system on the criminal liability of the directors of legal persons;

² <https://www.siccfm.mc/Evaluation-Nationale-des-Risques-ENR-NRA/Evaluation-Nationale-des-Risques-n-2-2020-2021>

- Strengthen the administrative sanctions system where annual activity reports are not produced or not sent to SICCFIN;
- Supplement legislative and regulatory provisions on the seizure and confiscation of assets, as well as the practical arrangements for freezing funds;
- Strengthen legislative and regulatory provisions on the legal resources available to enforcement authorities during the various stages of criminal proceedings, particularly with regard to preliminary enquiries and the investigative stage;
- Amend Act no. 537 on the labour inspectorate so that labour inspectors can access accounting information when carrying out their audits.

2. Introduction of new provisions

In addition to the transposition into Monegasque law of the relevant provisions of the “Legislative package” presented by the European Commission in July 2021, in particular the 6th (EU) Directive on AML/CFT, the introduction of new provisions will respond to certain vulnerabilities identified during the second NRA, in particular by creating tighter supervision of access conditions and the exercise of certain professions (real estate agents, TCSPs, etc.).

The findings of the peer review currently being carried out by the Council of Europe’s MONEYVAL Committee will also be taken into account to improve the national AML/TF-P system.

PILLAR 2: STRENGTHEN TECHNICAL AND HUMAN RESOURCES

AML/TF-P must adapt to new issues and new practices. Increasing the number of people and organisations subject to the relevant laws and regulations, coordinating national or international cooperation, the growth in the number of suspicious transaction reports handled by SICCFIN and the emergence of new potential threats are prompting the Principality's institutions to equip themselves with appropriate and secure digital tools.

The implementation of suitable information systems is also helping to improve risk prevention and make it more efficient.

Furthermore, strengthening human resources, both in terms of the number of personnel and training for the main actors involved in AML/TF-P appears to be a priority for increasing the efficiency of the competent authorities' efforts.

1. Develop information systems

The development of information systems appears to be a national strategic priority, insofar as it will not only help to optimise discussions with those involved on their AML/TF-P obligations but also allow the competent authorities to act more efficiently and in a more coordinated manner. Accordingly, the following actions – several of which are already underway or at a very advanced stage – will be finalised as part of this strategy:

- Implement a regular, centralised procedure to collect the data and statistics required for the NRA and supervision; large-scale data collection and processing has now become essential and also marks a major shift in the work done by SICCFIN officials. The STRIX solution from *Financial Transparency Solutions* will therefore be implemented in the Service's Supervision Section in 2022. This is a risk-analysis tool that will provide the supervisory authority with a firmer footing for its risk-based approach by distributing online questionnaires, the responses to which will feed into a scoring module;
- Implement appropriate, secure data transmission resources that are regularly updated in light of the quantity of information exchanged with professionals;
- Implement the Department of Justice's digital transition strategic plan;
- Continue the deployment of the operational and strategic analysis software goAML, developed by the United Nations Office on Drugs and Crime (UNODC). SICCFIN's aim is to make this a communications vector for suspicious transaction reports;

- Create interdepartmental databases with access controlled by the competent authorities (Department of Justice, Police Department and SICCFIN);
- Acquire crypto-asset analysis tools for the FIU;
- Develop a dedicated website, in addition to creating the national list (a list of all natural and legal persons, entities or organisations whose funds and economic resources in the Principality should be frozen, accessible on the Government website), to make it simpler to find listed persons or entities, optimise the detection of incidents by those subject to the relevant laws and regulations, and allow them to sign up to a distribution list so that they are notified whenever an item is added to, changed or removed from the list;
- Modernise the Trade and Industry Registry (RCI), in particular to make it easier to use in the context of online searches. This will finalise the overhaul of all current registers of public data, with the registers of the beneficial owners of legal persons, trusts, bank accounts and safety deposit boxes now operational;
- Modernise investigative tools used for processing and analysing banking data.

2. Increase the resources of the competent authorities

Strengthening human resources at SICCFIN, the Department of Justice and the Public Prosecutor's Office will continue over the next few years, alongside training their officials on new threats, which remains a priority. The national strategy is therefore focused on the following:

- Strengthening the number of people working in the competent authorities (Department of Justice, Police Department, economic and financial investigation units, SICCFIN, etc.), in particular to monitor developments in information systems and ensuring they are secure;
- Providing more targeted training for SICCFIN officials on the specific characteristics of vulnerable sectors and the Police Department's economic and financial investigation units;
- Providing training for judges in the courts and the Public Prosecutor's Office: introduction of dedicated continuing training in AML/TF, including studies of typical cases and complex financial arrangements;

- Pursuing investments in special investigation techniques;
- Use expert assessments to assist the enforcement authorities in investigations of economic and financial crime.

PILLAR 3: PROVIDE MORE SUPPORT FOR PROFESSIONALS SUBJECT TO THE RELEVANT LAWS AND REGULATIONS

Support for professionals subject to the relevant laws and regulations relies on targeted awareness-raising and communications activities, and training.

AML/TF-P risk prevention includes support for professionals to ensure they understand and fulfil their obligations. Accordingly, SICCFIN has developed a set of Generic Guidelines, published in July 2021, the purpose of which is to provide an aid to understanding of the AML/TF-P provisions set out in Act no. 1.362 as amended, and its Sovereign Ordinance No. 2.318, as amended, by explaining the relevant statutory provisions to educate those concerned.

In addition to the guidelines, which will be updated regularly to adapt to future changes in the legislative framework, there are three priorities for support for professionals subject to the relevant laws and regulations: the dissemination of practical guides and targeted guidelines, with improvements in training, the regular dissemination of useful information to the professionals concerned, and the implementation of provisions specific to certain professionals.

1. Continue to disseminate guidelines and practical guides, and provide training

Following the production of the general guidelines published in July 2021³, SICCFIN embarked on developing a series of practical guides for specific sectors aimed at certain professions deemed to present a higher risk; these will be followed by guidelines on a number of cross-cutting topics. The following actions are planned over the next few months:

- Finalise the production of practical, sector-specific guides for real estate agents, yachting and sports agents;
- Develop practical guides and deliver AML/TF-P training to other Designated Non-Financial Businesses and Professions (DNFBPs);
- Draft guidelines on a range of themes including Politically Exposed Persons (PEP), cash payments, freezing of assets and terrorist financing.

³ <https://www.siccfm.mc/Publications-LCB-FT-C/Lignes-Directrices-Generiques-a-destination-des-professionnels-monegasques>

2. Disseminate useful information to professionals on a regular basis

As well as implementing tools that can be used by professionals to share information with SICCFIN, it is important to improve their access to useful information on AML/TF-P. This will be achieved by:

- Increasing dialogue between SICCFIN and representatives of the professions concerned. At the moment, there are regular discussions with the *Association Monégasque des Activités Financières* (Monaco Association for Financial Activities) and this should be extended to the *Chambre Immobilière Monégasque* (Monegasque Chamber of Real Estate), the *Ordre des Experts Comptables* (Order of Chartered Accountants) and the *Association Monégasque des Professionnels en Administration des structures étrangères* (Monegasque Association of Foreign Organisation Administration Professionals) (which includes TCSPs);
- Identifying and systematically informing professionals who fail to meet their obligations in terms of submitting documentation (internal procedures and activity reports) to the supervisory authority.

3. Develop specific provisions for certain professions

A number of gaps became apparent during the last NRA, including in terms of codes of conduct; addressing these would ensure that those concerned had a better understanding of AML/TF-P. The actions needed are as follows:

- Produce a joint code of conduct for legal advisers;
- Consider the obligation for certain professions to have a joint code of conduct in relation to AML/TF-P;
- Implement a code of conduct, strengthen compliance resources for casinos and training all front-office staff (primarily cashiers);
- Develop an AML/TF-P training programme for senior and junior lawyers;
- Finalise the “compliance certification” training project, aimed at staff responsible for checking compliance with AML/TF legislation applicable to financial activities.

PILLAR 4: PREVENT RISKS BASED ON A BETTER UNDERSTANDING OF THE STAKEHOLDERS CONCERNED AND OPTIMISING SUPERVISION

The Principality relies on an effective system of authorisation to practise for any economic activity, which includes regular monitoring and provides reliable information on economic actors and therefore, those subject to the relevant laws and regulations. The system could, however, be improved in a number of ways, as could the control of cross-border cash transfers. Finally, there should be better supervision of AML/T-P obligations, in addition to the human and IT resources described under pillar 2.

1. Improve access to useful data for the authorities concerned

The significant acceleration in the implementation of public registers in recent years (for bank accounts and safety deposit boxes, beneficial owners and trusts) will continue with the final stage of the redevelopment of the Trade and Industry Registry. That said, further action is needed to ensure access to useful data to optimise the work of the authorities concerned:

- Extend access to the various registers by the competent authorities;
- Examine the feasibility and relevance of additional registers (life insurance policies and organisations administered by TCSPs).

2. Improve control of cross-border cash transfers

The cross-border cash transfer system currently in place in the Principality is not sufficiently well known among the general public and there is scope to improve the processing of the information gathered. Improvements in these two areas will optimise the use of this information in relation to AML/TF-P.

In addition, the absence of a balance of payments currently makes it difficult to estimate the amount of capital entering and leaving Monaco. The actions identified in relation to these two issues are as follows:

- Improve the information provided to visitors on the obligation to declare cross-border cash transfers in strategic locations (bank, hotels, bureaux de change and casinos);
- Improve the processing of data gathered in this area (by entry and exit point, and by amount);

- Work with the French authorities to examine the possibility of implementing a system to measure commercial trade and movements of capital between France and Monaco.

3. Strengthen supervision activities

While improving the effectiveness of AML/T-P supervision relies primarily on strengthening the resources allocated to it, as described under pillar 2, it also requires several strategic vectors, described below:

- Implement an appropriate inspection plan for the risks detected by the chair of the Bar Association, the supervisory authority for lawyers;
- Actively monitor the development of certain “emerging” professions (virtual asset service providers and crowdfunding platforms);
- Extend the obligation to complete an annual questionnaire and produce an activity report to all professions subject to the relevant laws and regulations, and increase the use of these documents;
- Implement a programme to monitor activities that present the highest AML/TF-P risks, in accordance with the findings of the second NRA;
- Continue to develop the crypto-assets division at SICCFIN to deliver training and disseminate any useful information to the competent authorities.

PILLAR 5: CONTINUE AND STRENGTHEN NATIONAL COORDINATION AND INTERNATIONAL COOPERATION

The Principality will continue and strengthen its national and international cooperation activities as part of its national strategy. The aim is to enable faster and more efficient cooperation to gain an understanding of the new issues in AML/TF-P.

1. Strengthen national coordination

Anti-money laundering, counter-terrorist financing and preventing the proliferation of weapons of mass destruction operates at a national level thanks to cooperation between the various actors involved. Cooperation supports coordinated action by the various departments concerned and helps to optimise both resources and effectiveness.

However, despite the existence of various forums over several years (such as the Liaison Committee and the Contact Group), a number of actions are required to quickly strengthen national cooperation over the next few years:

- Reconvene the National Strategy Coordination and Monitoring Committee, created in December 2021⁴ and chaired by the Minister of State, whose role is to monitor and coordinate the national strategy, to ensure it is coherent and effective. This Committee supplements the existing system of national cooperation;
- Create a committee responsible for freezing funds and economic resources, with the primary objective of submitting a proposal to the Minister of State to name persons or entities that may be subject to sanctions;
- Create an interdepartmental working group dedicated to combating the proliferation of weapons of mass destruction.

2. Improve international cooperation

Given the cross-border nature of organised crime, the Principality's AML/FT-P strategy also relies on close international cooperation with the other actors involved.

⁴ Sovereign Ordinance No. 8.964 of 6 December 2021

Although the existing level of cooperation appears to be highly developed, between FIUs, the judicial authorities and/or the police, there are several areas for improvement that fit into the timetable of the national strategy:

- Continue the signature of cooperation agreements between SICCFIN and its counterparts, as part of the EGMONT Group;
- Complete the signature of cooperation agreements with SICCFIN's foreign counterparts in relation to banking supervision (on the basis of equivalent arrangements to those entered into with FINMA or the CSSF) to optimise cooperation in terms of consolidated supervision;
- Increase and formalise cooperation with the French customs authorities to improve understanding and control of cross-border cash transfers;
- Develop an accreditation system for foreign liaison judges to facilitate and simplify mutual legal assistance, particularly with neighbouring countries or those with which trade is most significant.

PILLAR 6: IMPROVE THE FRAMEWORK FOR COMBATING TERRORIST FINANCING

Terrorist financing was comprehensively examined as part of the second NRA, which was produced using all the available relevant data. This assessment highlighted several areas for improvement, resulting in a dedicated action plan. Not all of these actions can be described in this document for obvious confidentiality reasons.

That said, there are two areas that can be discussed: first, training and information about the subject, and secondly, the organisation, in the strict sense of the term, of the system for combating terrorist financing.

1. Improve training and the dissemination of useful information about terrorist financing

The obligations around combating terrorist financing need to be better explained and regularly updated in response to the changing nature of the threat.

Training for officials who need to be aware of this issue must continue and be strengthened. Furthermore, there must be greater supervision of the proper fulfilment of AML/TF-P obligations by those subject to the relevant laws and obligations. The following actions are therefore seen as priorities:

- Draft and disseminate guidelines on terrorist financing to increase awareness in the private sector;
- Amend the suspicious transaction reporting form to include terrorist financing more explicitly;
- Implement specific audits to monitor the fulfilment of obligations on combating terrorist financing;
- Organise and strengthen specific training on terrorist financing, particularly for the FIU and Department of Justice, including the adoption of a three-year action plan.

2. Optimise the framework for combating terrorist financing

Terrorist financing is included and addressed as part of the Principality's AML/TF-P system. Nonetheless, it is essential, as part of the national strategy, to improve supervision and create a more formal framework for the initiatives taken in this area by the various competent authorities, as well as increasing international cooperation. Optimisation is a two-stage process:

- Implementing an update register of associations to facilitate detection and enhanced surveillance of those that indicate vulnerabilities in terms of terrorist financing;
- Strengthening coordination between the enforcement authorities and the FIU in the preventing and combating terrorist financing, by involving the FIU more closely in the crisis management system.
