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NATIONAL OFFICE FOR THE PREVENTION AND CONTROL OF MONEY LAUNDERING

ACTIVITY REPORT



MINISTRY OF FINANCE



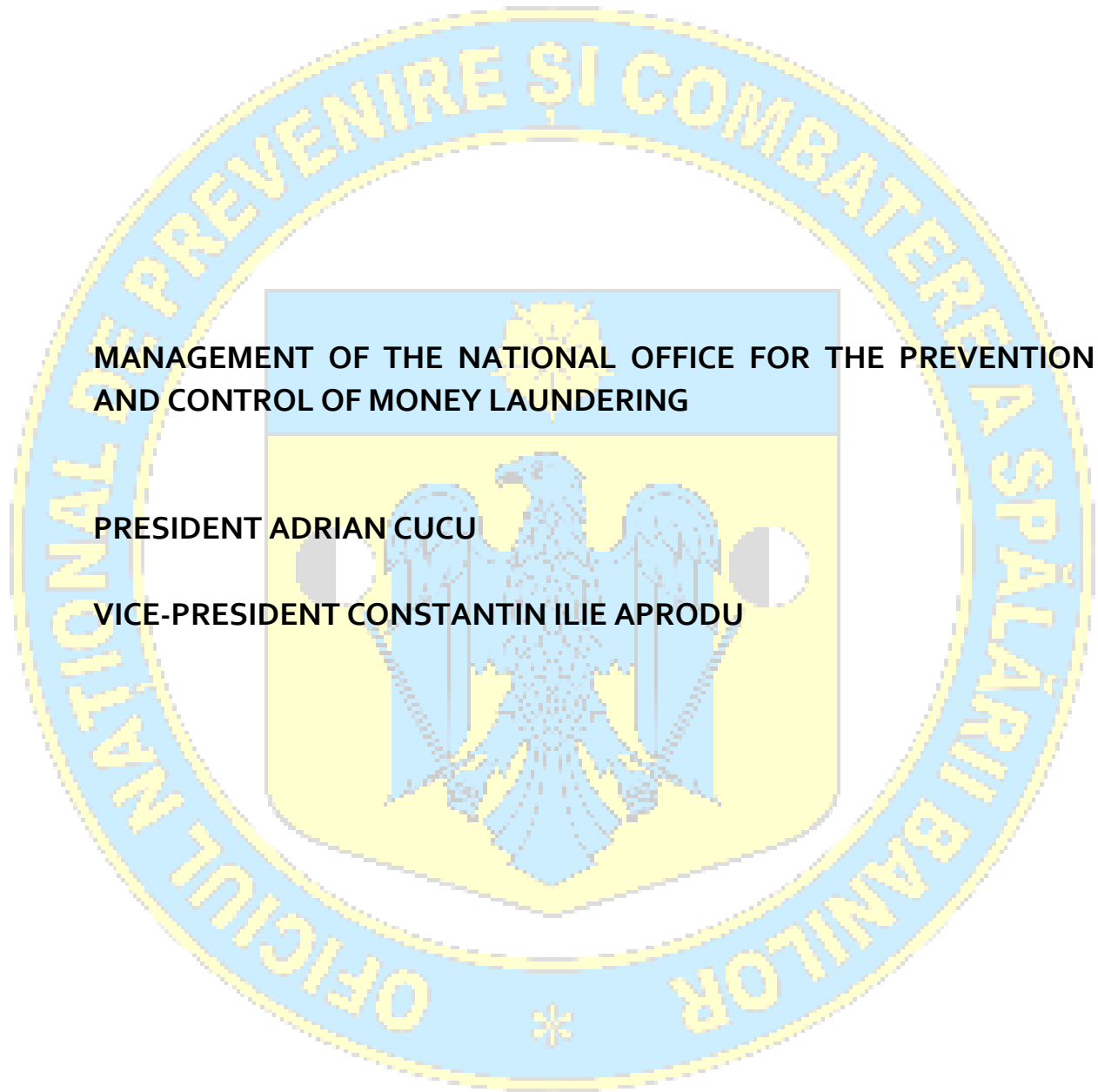
MINISTRY OF FINANCE
National Office for the Prevention and Control of Money Laundering



**NATIONAL OFFICE FOR THE
PREVENTION AND CONTROL OF
MONEY LAUNDERING**

ACTIVITY REPORT

2021



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FOREWORD

The retrospective of 2021, a year deeply marked by the crisis caused by the Covid 19 pandemic context, offers us all the opportunity to self-assess our ability to adapt to unusual working conditions, under the rule of health and economic constraints, to meet specific objectives and responsibilities.

In this sense, for each of us, the year 2021 brought many challenges determined by the need to accomplish effectively the institutional tasks in the restrictive conditions determined by the health crisis.

The most important lesson of 2021 was, without a doubt, understanding the importance of digitizing the institution, which led to major concerns for starting the procedures for purchasing high-performance hardware and software, adapted to the new working conditions, so as to ensure delivery to our institutional partners, Romanian or foreign, of an information product of high quality and complexity.

Since taking office as Vice President of the Romanian Financial Intelligence Unit, I have assumed, together with all colleagues in the institution, the major directions of action that contribute to strengthening the National System for prevention and control of money laundering and terrorist financing - a mechanism established in national level in order to protect the national economy but also that of the international community of which our country is part against the risks and threats caused by criminal phenomena related to money laundering or terrorist financing.

The main challenges of 2021 were determined by international contextual factors and were amplified by the restrictive conditions caused by the health crisis.

Thus, the most important challenge of 2021 was to align the national legal framework with the provisions of European law on prevention and control of money laundering and terrorist financing and thus avoiding a litigation infringement procedure opened by the European Commission against Romania, concerning the incorrect transposition of Directive (EU) 2018/843.

Another major objective achieved in the first part of last year was, without a doubt, the adoption by the Romanian Government of a new Regulation on the organization and functioning of the Office, able to meet the requirements imposed internationally, regarding independence and operational autonomy. financial intelligence units. The achievement of this objective had as an immediate effect the closing of the 4th Round of Mutual Evaluation of Romania within MONEYVAL and the opening of the 5th Round.

In order to meet these requirements, in 2021, the Office initiated and finalized numerous legislative steps, which it presented and supported before the decision-making forums Parliament, Government, Ministry of Finance, to which we would like to thank for the support

they gave to our institution and the assumption they have shown in the processes of adopting those legal provisions in accordance with European and international law.

Subsequent to those already stated, the institution went through an extensive reorganization process that required, throughout the year, the development and implementation of secondary legislation, approved by the Office, in order to organize the implementation of primary legal provisions and the development of a new NOPCML Strategy for the next period.

As important as the legislative activity, the development of the institution's capacity to cooperate with internal or external partners was a major objective of the Office's activity in 2021.

Achieving this goal required sustained efforts from the entire staff of the Office and aimed on the one hand to deliver a quality information product to national law enforcement authorities and, on the other hand, to align the institution from a legal, organizational and functional perspective to the requirements imposed by international standards in the field of prevention and control of money laundering and terrorist financing.

Throughout 2021, the concerns of the international forums in the field of AML/CFT were also the concerns of the Office, which ensured Romania's representation, through active participation, in the negotiations occasioned by the launch by the European Commission, in the summer of 2021, of the ambitious AML legislative package, as well as by participating in the work of international bodies whose object of activity is to prevent and control money laundering and terrorist financing.

Also worth mentioning are the efforts of the Office's staff, submitted throughout 2021 to conduct the National Risk Assessment, a process in which the institution fulfills the role of coordinator at national level and will meet the specific requirements of the 5th Round of Evaluation of Romania by the MONEYVAL Committee, scheduled to take place in 2022.

I conclude by expressing the firm commitment deriving from the institutional mandate entrusted to me, in order to make all the necessary diligence for the joint effort to prevent and combat money laundering and terrorist financing. Personally, I am convinced that, regardless of the nature, size and complexity of the challenges we face, together with the right team, great results can be achieved.

Constantin Ilie APRODU

Vice-president of the National Office for the Prevention and Control of Money Laundering

MISSION, VISION, VALUES

M ISSION

prevention and control of money laundering and terrorist financing by receiving, analyzing, processing and disseminating financial information, supervising and controlling, in accordance with the law, reporting entities.

C ONCEPTION

assuming the independence and functional and operational autonomy of the Financial Intelligence Unit of Romania - NOPCML, will ensure, in the medium and long term, the national response to the requirements established at international level and will guarantee the fulfillment of the institutional objectives.

O BJECTIVES

- permanently ensuring the compliance of national legal provisions with the rules adopted at European and international level;
- increasing institutional capacities by adapting the resources used to the risks and vulnerabilities identified in the field of money laundering and terrorist financing, in order to provide legal beneficiaries, in a timely manner, with a qualitative and harmonized analytical product according to their area of competence;
- developing institutional cooperation with both domestic and international partners.

P RINCIPLES AND VALUES

summing up the principles and values of the National Office for the Prevention and Control of Money Laundering determines the institutional profile and subsequently the professional profile of each employee

VALUES:

- ✓ Moral integrity;
- ✓ Responsibility;
- ✓ Efficiency;
- ✓ Character and professionalism.

PRINCIPLES:

- The principle of the rule of law;
- The principle of operational and functional independence;
- The principle of the quality of the process of preventing money laundering and terrorist financing;
- The principle of cooperation;
- The principle of professional objectivity;
- The principle of the international perspective.

1. INSTITUTIONAL ORGANIZATION

The organization and functioning of the Office is regulated, at primary level, by Law no. 129/2019 for the prevention and control of money laundering and terrorist financing, as well as for amending and supplementing normative acts, a normative act whose vocation is to represent the legal instrument for transposing into national law the provisions of European law, namely Directive (EU) 2015/849 (AMLD IV) on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing, as subsequently amended and supplemented.

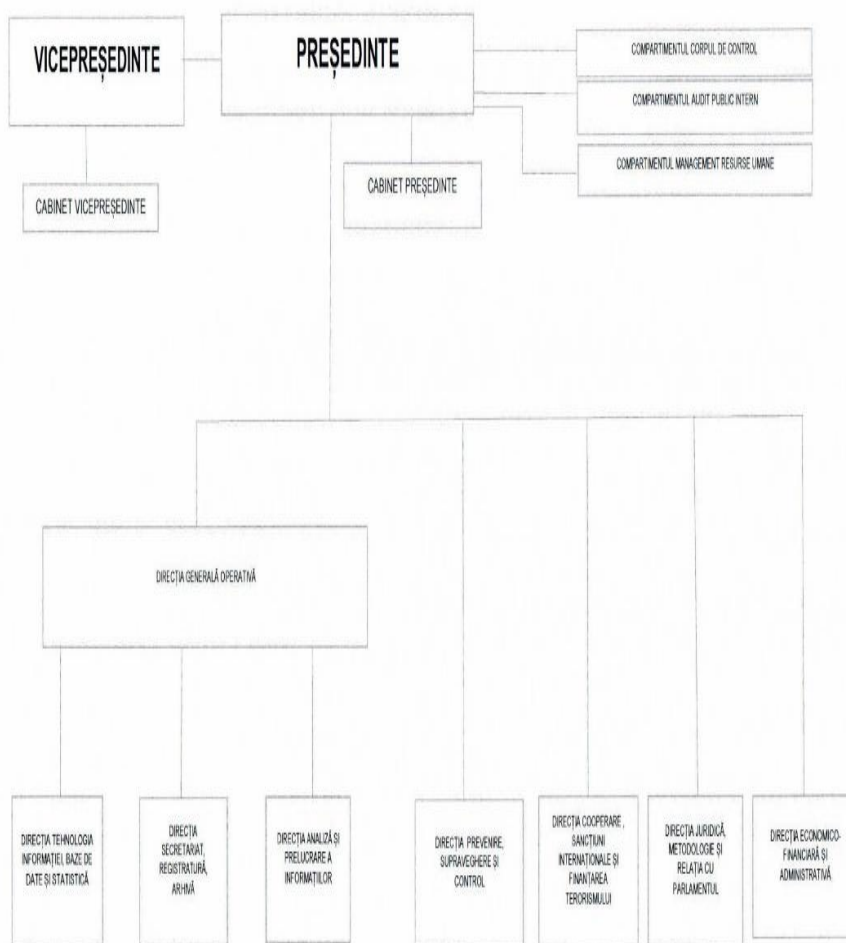
In order to meet the international requirements established in the field of prevention and control of money laundering, Law no. 129/2019 states that the National Office for Prevention and Control of Money Laundering is the financial information unit of Romania, of administrative type, based in Bucharest, a specialized body with legal personality, independent and autonomous from an operational and functional point of view, subordinated to the Ministry of Finance.

The object of activity of the Office is the reception, analysis, processing and dissemination of financial information, supervision and control, according to the law, of the reporting entities in order to prevent and combat money laundering and terrorist financing.

In 2021, the Government of Romania adopted Decision no. 491/2021 for the approval of the Regulation on the organization and functioning of the National Office for the Prevention and Control of Money Laundering - a normative act that reiterated the guarantees regarding the independence and operational and functional autonomy of the Office by minimizing the interference of the political factor in organizing the activity of the financial intelligence unit of Romania. Thus, the decision of the Romanian Executive, manifested in 2021 on the occasion of the adoption of the new Regulation on the organization and functioning of the Office, was to allow the institution's management to establish the legal attributions of the Office's structures and organize them in order to fulfill the institution's activity.

Anexa

STRUCTURA ORGANIZATORICĂ
a Oficiului Național de Prevenire și Combatere a Spălării Banilor



2. ACTIVITIES AND RESULTS

INTELLIGENCE - OPERATIONAL DIMENSIONS

The financial intelligence activity occupies the largest share of the activities carried out at the level of the Office - the financial intelligence unit of Romania.

The financial analysis performed within the institution, in all its components - operational, strategic or statistical, is the framework for the information product delivered by the Office to internal or external institutional partners and was based on the results and conclusions of SNRA - REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on the assessment of the risk of money laundering and terrorist financing affecting the internal market and relating to cross-border activities - Brussels, 24.07.2019.

The operational analysis consists in the processing and processing of "first notification" data in order to quickly identify information relevant to the national system for prevention and control of money laundering and terrorist financing.

The strategic analysis approaches the "macro" level information and aims to identify recurring trends and practices of money laundering and terrorist financing.

Statistical analysis uses aggregated data from the Office's databases, structured on various criteria, such as types of reporting entities, individuals and legal entities in order to determine the size of the phenomena analyzed and to provide feedback to reporting entities and institutional partners.

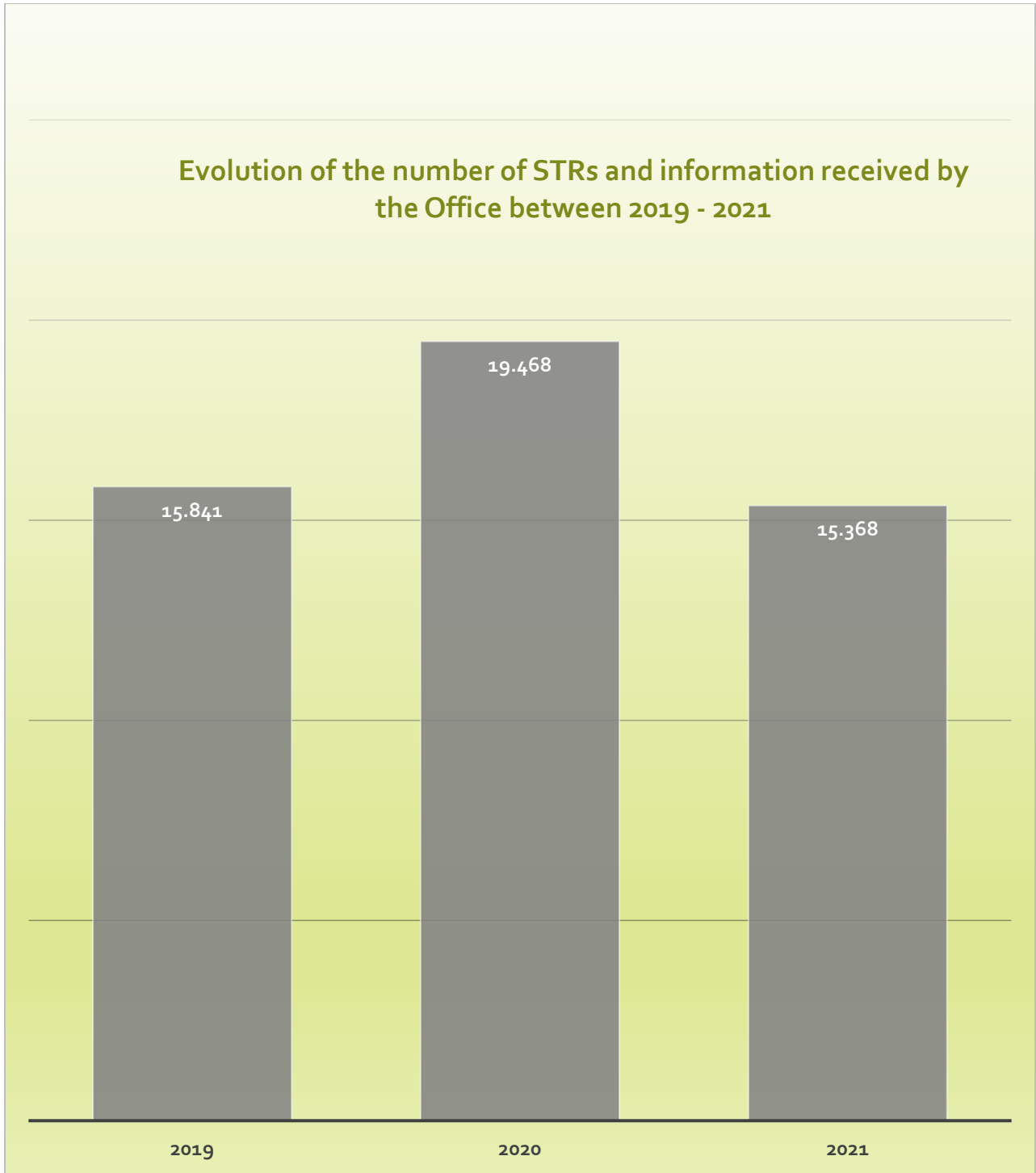
RECEIPT OF INFORMATION

In accordance with the provisions of national law, the Office receives the reports provided by the normative act, as well as other information from reporting entities, authorities and public institutions in connection with money laundering, money laundering offenses and terrorist financing.

Suspicious Transaction Reports shall be transmitted to the Office when the reporting entities know, suspect or have reasonable grounds to suspect that the goods are the result of criminal offenses or are related to terrorist financing or the information the reporting entity may use to enforce the law.

At the same time, if in the exercise of specific tasks, the competent authorities and bodies established to supervise and control the application of Law 129/2019, discover facts that could be related to money laundering or terrorist financing, they shall inform the Office immediately.

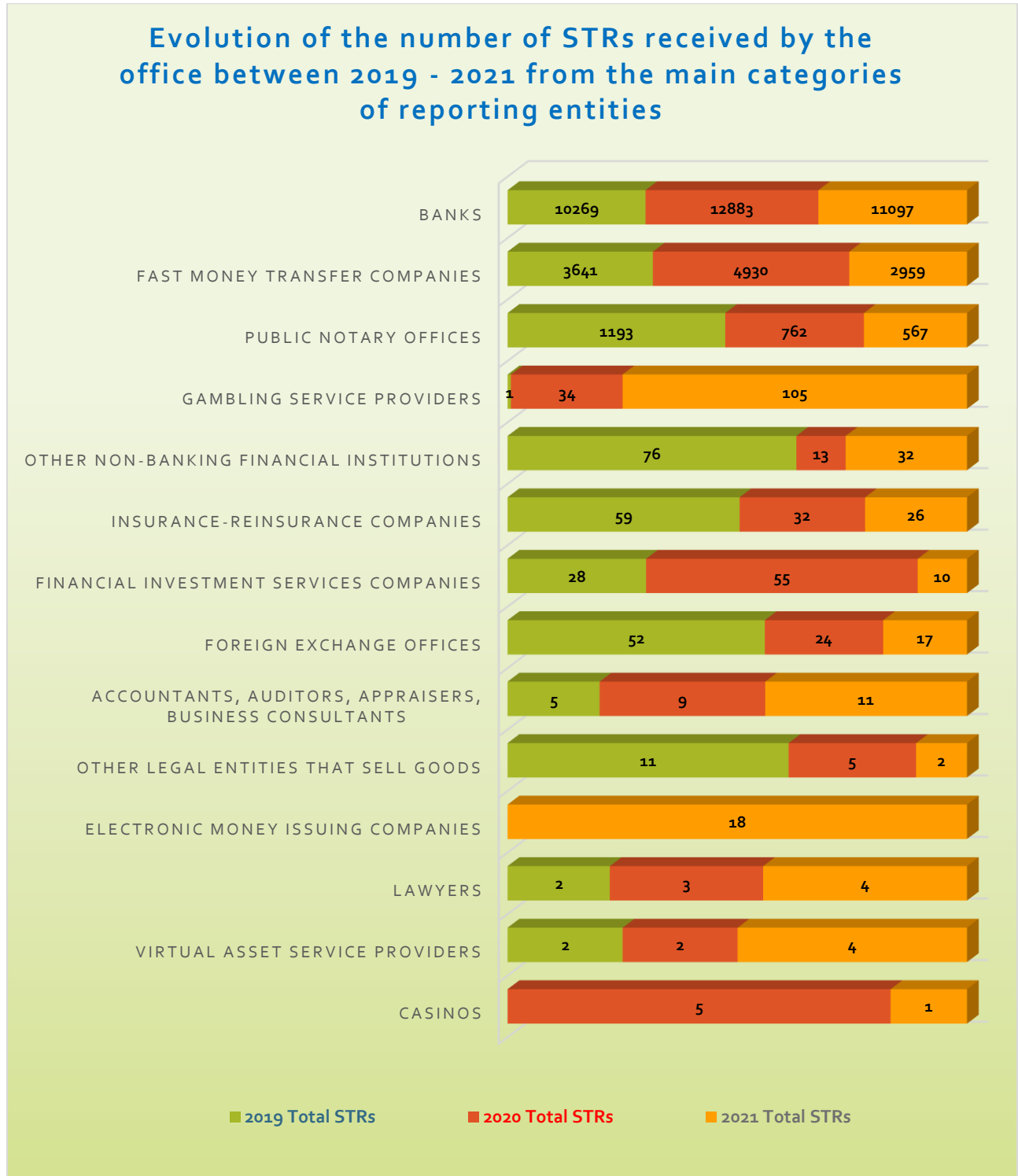
Thus, the total number of cases registered by the Office in 2021 was 15,368, their evolution in the last three years being the following:



As seen in the graph above, the number of cases received by the Office during the reference period increased in 2020, amid the recent change in the legal provisions in the field of prevention and control of money laundering and terrorist financing.

Activity report 2021 - NOPCML

Regarding the number of suspicious transaction reports submitted by the main reporting entities, in the last three years, the variation is as follows:



Taken as a whole, this category of reports confirms that in 2021, the financial system maintained its position as the main provider of information for the national anti-money laundering and anti-terrorist financing system. Thus, credit institutions together with fast funds transfer services remain the most significant contributors with financial information.

Since, in essence, STRs represent a subjective interpretation that a human subject gives to a factual situation they are witnessing, their relevance may be affected by certain elements: the subjectivity and the level of access to information of the rapporteur, the level of training, and so on. Moreover, the person who draws up the STR makes a reasoning based exclusively on financial data, which he reports to the history of financial transactions of the same client, without correlating financial transactions with actions or inactions of the client prior to the transaction (factual circumstances that can not be known by a bank official) nor with documents or other financial transactions made through bank accounts opened with other credit institutions. Moreover, the legal nature of the obligation of a reporting entity to draw up a report of suspicious transactions is that of a duty of care, which means that the preparation of the STR depends essentially on the degree of professionalism and intuition of the person preparing the report, which can be ascertained by an objective observer, regardless of his degree of training.

That is why not all the information contained in the STRs transmitted by the reporting entities ends up being disseminated to law enforcement authorities. However, it is up to the Office to evaluate them and to establish links between them. In fact, most of the information provided by the Office to law enforcement authorities contains information from several suspicious transaction reports, in most cases submitted by different reporting entities.

RISK EVALUATION

The growing volume of STRs received by the Office has led to the need to adjust analysis processes in order to apply analytical tools to those STRs that are identified as being at high risk in terms of money laundering or terrorist financing. In this context, during 2021, the Manual for receiving, analyzing, processing and disseminating financial information was approved, based on which each STR is established the level of associated risk based on specific indicators.

In this way, an appropriate selection of STRs is made, by applying criteria/indicators for risk assessment in order to capture and retain information on the amount of amounts involved in transactions and information describing their nature, which, through the existence in their context, allow the identification of the degree of risk associated with ML/TF related to the information contained in an STR. The selection of STRs is done in two stages, by the initial application of some preliminary selection criteria and, subsequently, by the application of some risk assessment criteria.

The Office's risk analysis of money laundering or terrorist financing is based on a supranational risk assessment, summarized in a report focusing on the vulnerabilities identified at EU level, both in terms of the legal framework and the effective application, and which provides recommendations for addressing them. Thus, the Commission has identified 47 products and services that could be vulnerable to money laundering/terrorist financing risks, and they fall into 11 areas.

The main risks in the sectors covered by the supranational risk assessment are:

1. Cash and similar assets

Although the preference for cash transactions is declining among consumers, cash remains the money laundering tool preferred by criminals because they can use it to transfer funds quickly from one place to another, including by air. The use of cash is the main trigger for the preparation of suspicious transaction reports.

Criminals who accumulate cash try to move it to places where they can be more easily integrated into the legal economy, namely places characterized by the predominant use of cash, lax supervision of the financial system and strict banking secrecy regulations.

2. The financial sector

Weaknesses have been found at EU level regarding the fight against money laundering and the credit institutions defense mechanisms, highlighting the difficulties associated with different approaches to anti-money laundering/anti-terrorist financing supervision at national level.

In addition, subsectors or financial products that deal with cash (for example, currency exchange offices, remittances, and some electronic money products) still have significant money laundering risks, especially in the event of ruthless misconduct of third parties acting on their distribution channels as agents or distributors.

The use of new technologies (FinTech) that allow fast and anonymous transactions and increasingly long-distance business relationships, while bringing considerable benefits, can present a higher risk if effective customer precautions and transaction monitoring are not taken by the entire distribution channel. Although the provisions of the 5th Anti-Money Laundering Directive on virtual currency providers and digital wallet providers are a first regulatory measure, the increasing use of these tools poses increasing risks and may require new regulatory measures.

3. The non-financial sector and related products - Designated enterprises and non-financial professions

Manufacturers, distributors, legal practitioners and other non-financial institutions are increasingly attracting the attention of potential money launderers. Therefore, the sector's exposure to risks is generally considered to be significant to very significant.

The inability to identify the real beneficiary associated with a customer seems to be the main shortcoming affecting this sector. When entering into a business relationship, some parties do not always understand the concept of "real beneficiary" correctly or fail to verify their identity.

It also seems that the real estate sector is, in turn, increasingly exposed to significant risks of money laundering. Other common means of money laundering are over-invoicing in trade and fictitious loans.

4. The gambling sector

Exposure of certain gambling products to the risk of money laundering is considered significant. For online gambling, the risk exposure is high due to a very large number of transaction flows and the lack of direct interaction. Although casinos are inherently high in risk, their inclusion in the 2005 anti-money laundering/anti-terrorist financing framework has had a risk mitigation effect.

Lotteries and gaming machines (outside casinos) have a moderate level of risk of money laundering/terrorist financing. For the former, certain controls have been put in place, in particular to address the risks associated with large gains. Indoor bingo services are considered to have a low level of risk of money laundering/terrorist financing due to the relatively low stakes and winnings involved.

5. Fundraising and transfers through non-profit organizations

The risk scenario is related to the collection and transfers of funds made by non-profit organizations to and from partners/beneficiaries both inside and outside the Union.

Risk analysis from the perspective of threats is complicated by the diversity of the sector. "Suggestive non-profit organizations" have a certain vulnerability, as they can be infiltrated by criminal or terrorist organizations that can hide the real beneficiary, making it difficult to collect funds.

Some types of "service non-profit organizations" are more directly vulnerable, given the intrinsic nature of their activity. This is due to the fact that those organizations may involve funding to and from conflict areas or third countries identified by the Commission as having strategic shortcomings in their anti-money laundering/anti-terrorist financing regimes.

Non-profit organizations are of vital importance in providing humanitarian assistance around the world. In order to protect the legitimate objectives of such assistance, more information is needed on the risks related to terrorist financing in non-profit organizations in order to improve risk awareness.

6. New products/sectors

In addition to FinTech, digital wallet exchange and provider platforms, professional football, free ports and investor and citizenship and residence permit schemes ("passports/gold visas") have been identified as new high-risk sectors, thus:

6.1 Professional football

Professional football has been assessed considering that it is a global industry with a significant economic impact, while remaining a popular sport. The complex system of organizing professional football and the lack of transparency have created fertile ground for the

use of illegal resources. Suspicious sums of money are invested in sports, with no apparent or explainable profit or financial gain.

6.2 Free ports

Free trade areas may present a risk of counterfeiting, as they allow counterfeiters to unload shipments, adapt or otherwise modify cargo or associated documents, then re-export the products without customs intervention and thus hide the nature and the original supplier of the goods.

Fraudulent use of free trade areas can be linked to infringements of intellectual property rights and involvement in VAT fraud, corruption, and money laundering. In most free ports or customs warehouses in the EU (with the exception of the free port of Luxembourg), no exact information is available on the actual beneficiaries.

Under the 5th Anti-Money Laundering Directive, operators in free ports and other players in the art market become obliged entities and are therefore subject to customer precautionary requirements.

6.3 Systems for granting citizenship and the right of residence for investors

In recent years, there has been a growing trend in the systems by which countries attract investment by granting citizenship or residence rights to investors. Concerns have been expressed about the risks inherent in security, money laundering, tax evasion and corruption.

The 5th Anti-Money Laundering Directive imposes increased customer precautions on third-country nationals applying for a right of residence or nationality in Member States in exchange for capital or investment in property, government bonds or corporate entities.

OPERATIONAL ANALYSIS

The operational analysis consists of the analysis of financial data and information in order to identify indications of committing the crime of money laundering, associated predicate offenses or terrorist financing. Thus, the data and information held or obtained by the Office shall be subject to a thorough examination in order to identify:

- persons, property and criminal groups involved in certain specific activities or transactions;
- links between persons involved in transactions and possible criminal offenses, money laundering, associated predicate offenses or terrorist financing.

The operational analysis function focuses on individual cases and specific objectives or on appropriate selected information depending on the type and volume of information received and the intended use of the information after its communication. In this process, the data and information received by the Office in the financial and non-financial sector is analyzed and

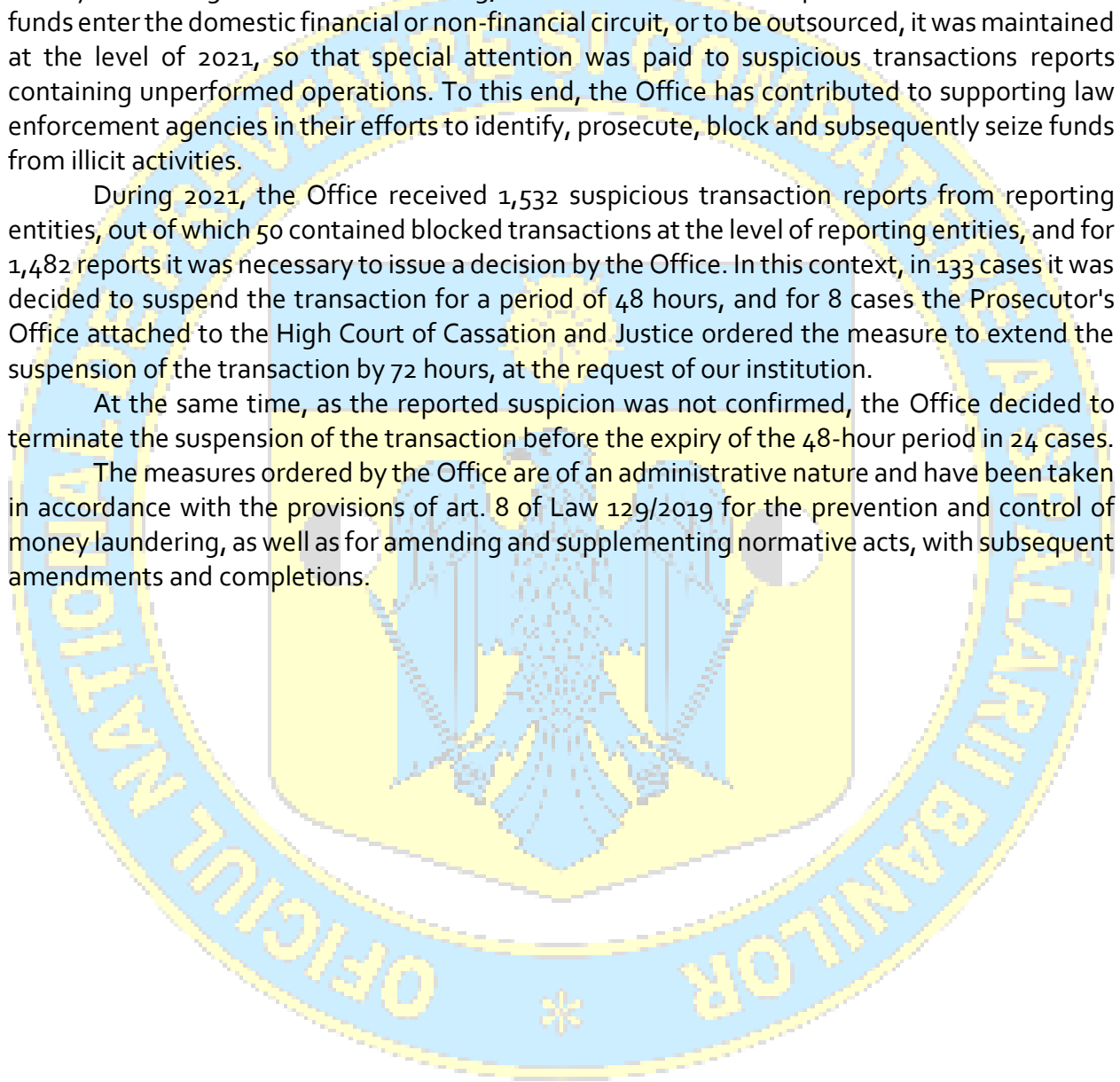
correlated and other information that ensures the context in which the suspicious transactions took place is accessed, upon request or on the basis of direct access, in the purpose of establishing conclusions that substantiate the existence or non-existence of indications of committing the crime of money laundering, terrorist financing or crimes generating goods subject to money laundering.

The pro-active role of the Office, also supported by international recommendations on money laundering and terrorist financing, as well as the need to stop transactions before illicit funds enter the domestic financial or non-financial circuit, or to be outsourced, it was maintained at the level of 2021, so that special attention was paid to suspicious transactions reports containing unperformed operations. To this end, the Office has contributed to supporting law enforcement agencies in their efforts to identify, prosecute, block and subsequently seize funds from illicit activities.

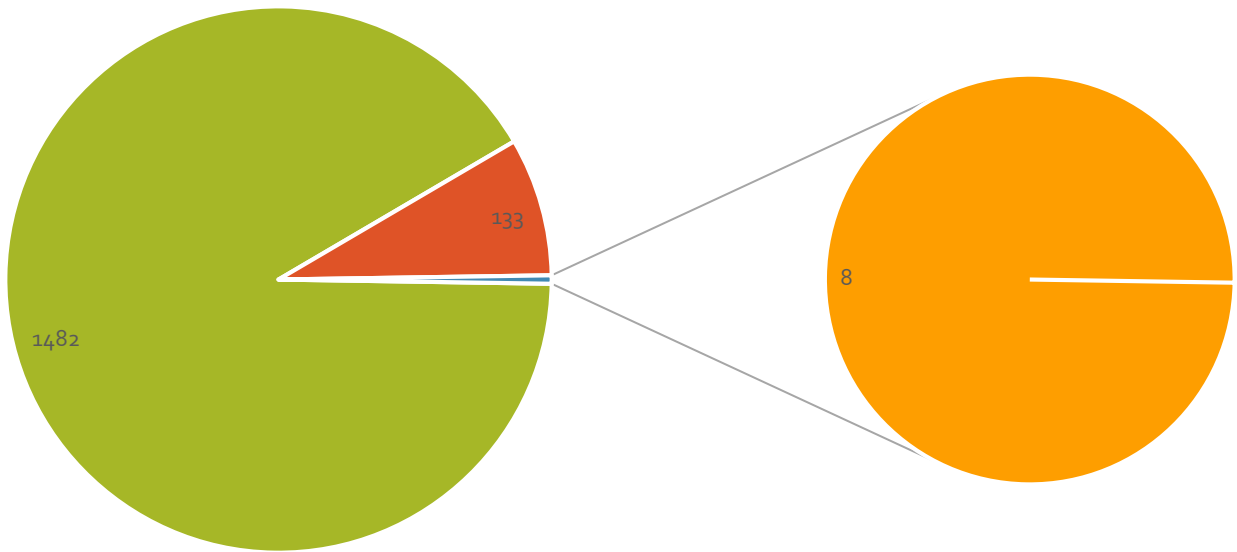
During 2021, the Office received 1,532 suspicious transaction reports from reporting entities, out of which 50 contained blocked transactions at the level of reporting entities, and for 1,482 reports it was necessary to issue a decision by the Office. In this context, in 133 cases it was decided to suspend the transaction for a period of 48 hours, and for 8 cases the Prosecutor's Office attached to the High Court of Cassation and Justice ordered the measure to extend the suspension of the transaction by 72 hours, at the request of our institution.

At the same time, as the reported suspicion was not confirmed, the Office decided to terminate the suspension of the transaction before the expiry of the 48-hour period in 24 cases.

The measures ordered by the Office are of an administrative nature and have been taken in accordance with the provisions of art. 8 of Law 129/2019 for the prevention and control of money laundering, as well as for amending and supplementing normative acts, with subsequent amendments and completions.



Measures taken in the case of STRs containing unsuccessful transactions



- Total STRs comprising transactions not carried out
- Number of cases in which it was disposed the suspension of carrying out the transaction for 48 hours
- Number of cases in which POHCCJ decided the extension of the the suspension of carrying out the transaction for 72 hours

The operational analysis also takes into account the major vulnerabilities to which the risk sectors identified at European Union level are exposed, as they resulted from the supranational assessment of the risks of money laundering and terrorist financing, as follows:

- Offenders could use complex corporate structures registered in third countries, given that the registers provided for in the Anti-Money Laundering Directive cover only legal entities and legal constructions in the Member States.

- Offenders may intentionally use false information or documentation to conceal their identity.

- National registers on real beneficiaries could have weaknesses in terms of technical implementation or management. Criminals could move to Member States with a less effective framework.

The supranational risk assessment also shows that all sectors identified as being at risk of money laundering and terrorist financing are exposed to additional vulnerabilities:

- infiltration of offenders - offenders may become the owners of an obliged entity or may identify obliged entities willing to support them in their money laundering activities. As a result, the tests of competence and good reputation are necessary for all financial sectors covered by the Directive;

- falsification/forgery - modern technology facilitates the falsification of documents, and all sectors strive to establish solid mechanisms for their detection;

- insufficient exchange of information between the public and private sectors - there is still a need for improved feedback mechanisms from financial intelligence units to obliged entities;

- Insufficient resources, risk awareness and know-how to implement anti-money laundering/anti-terrorist financing rules - while some entities are required to invest in sophisticated compliance instruments, many of which have a lower level of awareness, of tools and capabilities in this field; as well as

- risks arising from FinTech - the use of online services is expected to increase even more in the digital economy, stimulating the demand for online identification. The use and reliability of electronic identification is fundamental in this regard.

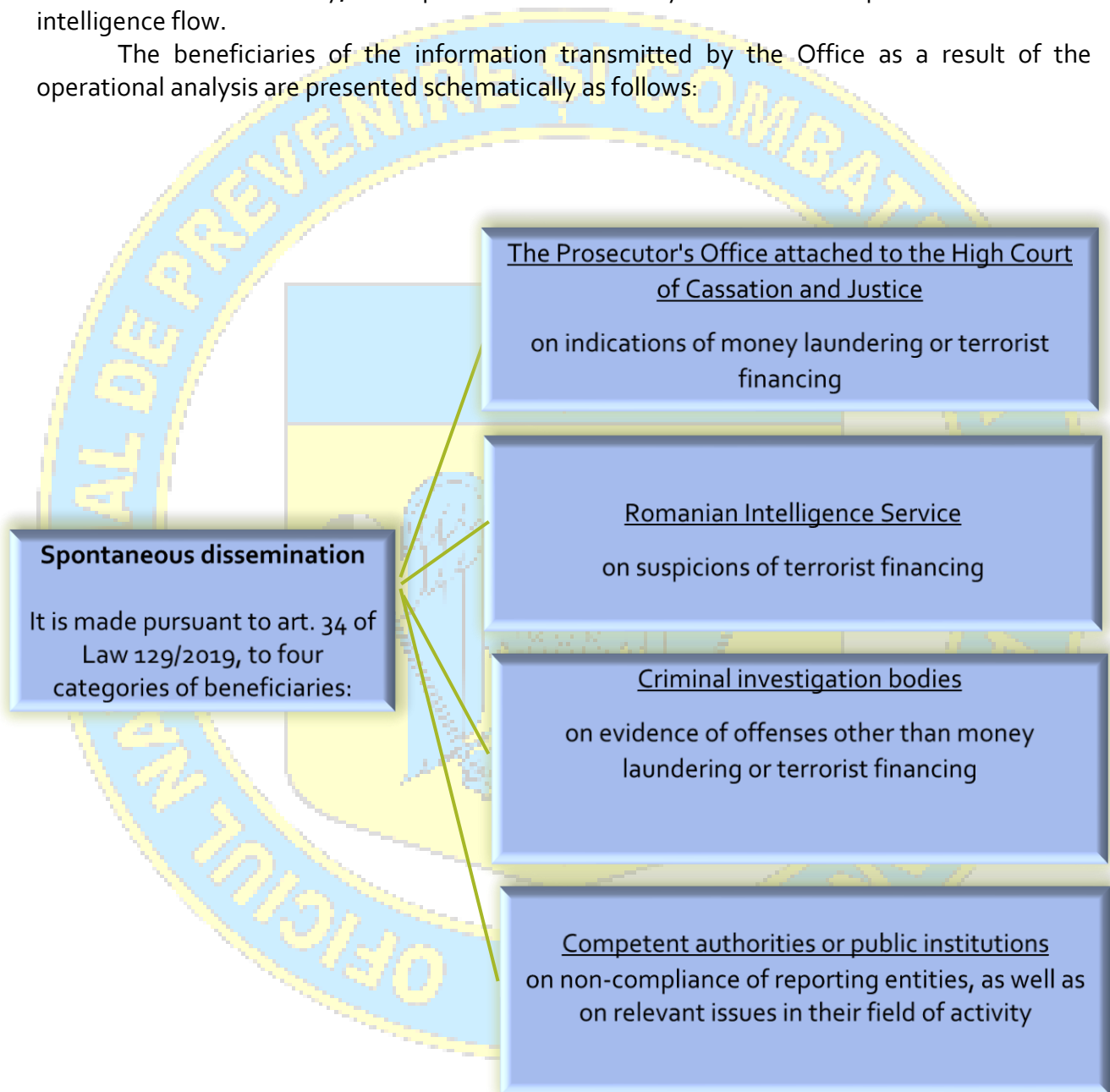
DISSEMINATION

Through its legal actions, the Office supports the efforts of law enforcement authorities by creating new information resources for the prevention and detection of all forms of economic and financial crime and by providing quality financial intelligence. Being an administrative structure, the Office has no investigative powers. The role of the institution is to generate knowledge, relevant from the point of view of combating money laundering and/or terrorist financing.

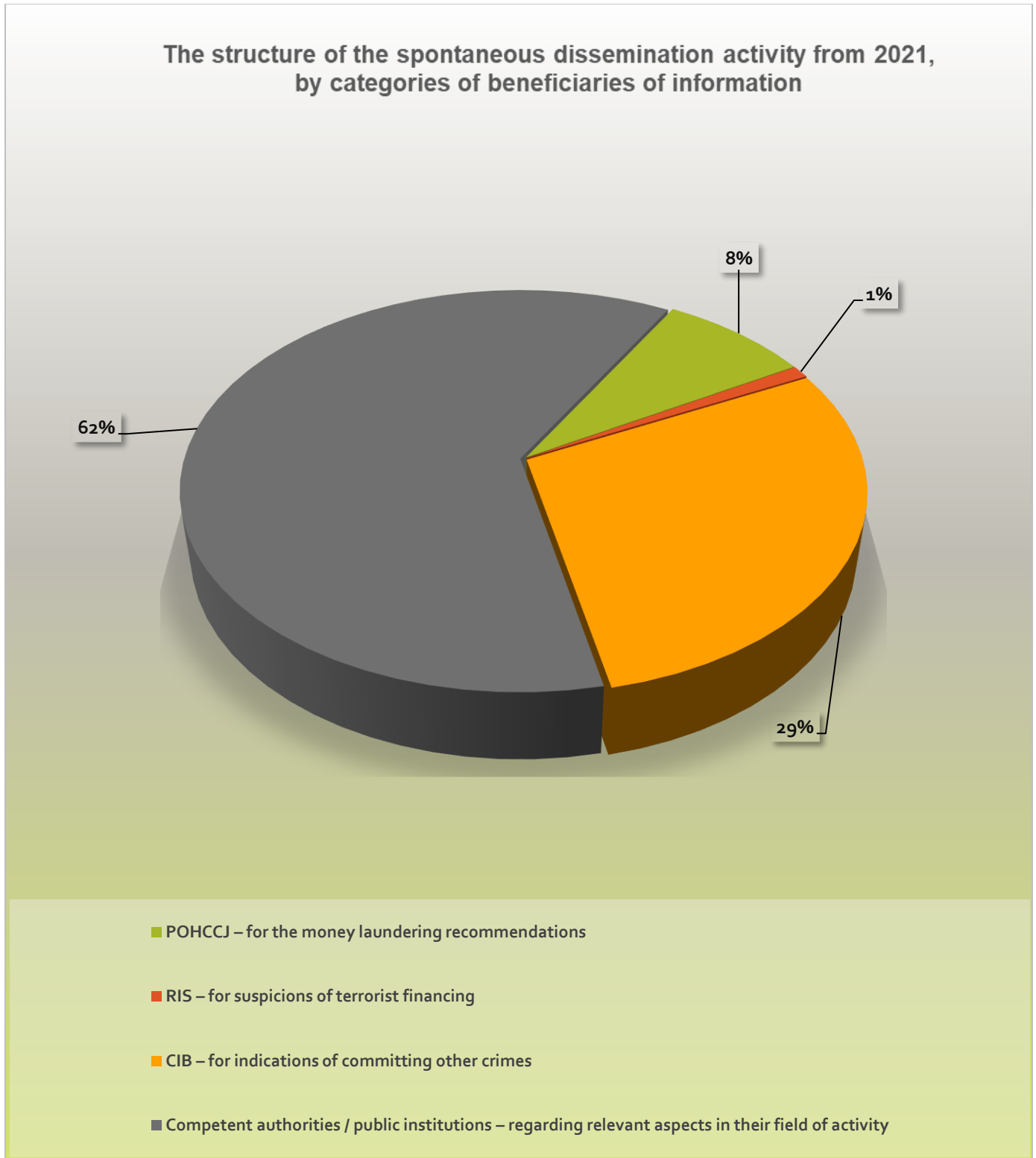
In accordance with the provisions of Law 129/2019, the Office disseminates, **spontaneously or upon request**, the results of analytical processes, **in the form of information and responses** to requests for information.

The completion of the analytical process may result in the transmission of information to the competent authorities at national level, as expressly provided by law. Information is the specialized activity of elaboration of information documents and their transmission to legally empowered beneficiaries with competences in the field of national security. At the same time, the information process presupposes a permanent relationship (communication) between the issuer and the beneficiary, an aspect also reflected by the classical representation of the intelligence flow.

The beneficiaries of the information transmitted by the Office as a result of the operational analysis are presented schematically as follows:

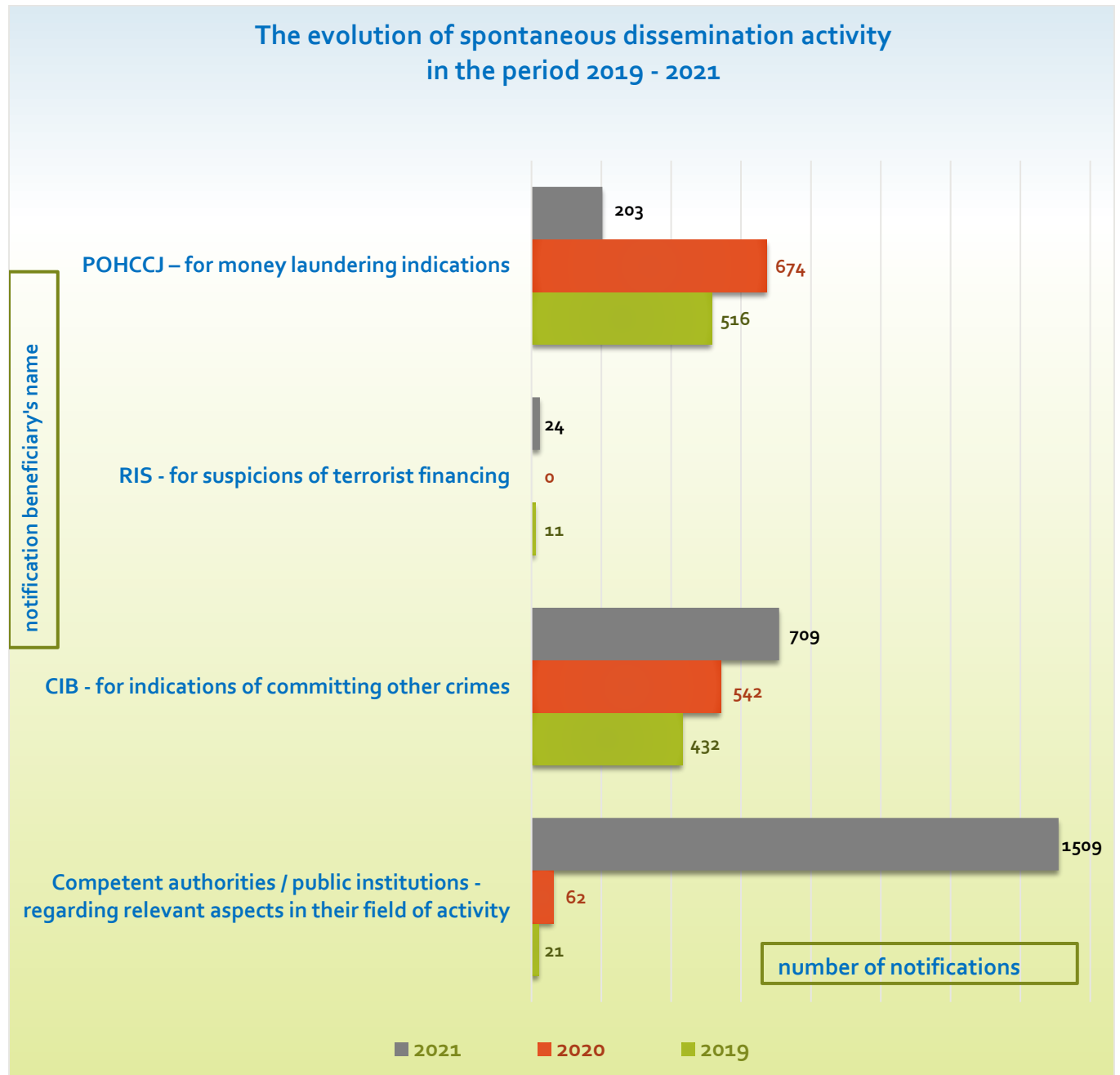


Regarding the activity of spontaneous dissemination carried out in 2021, the structure of the number of cases disseminated, by categories of beneficiaries, is as follows:

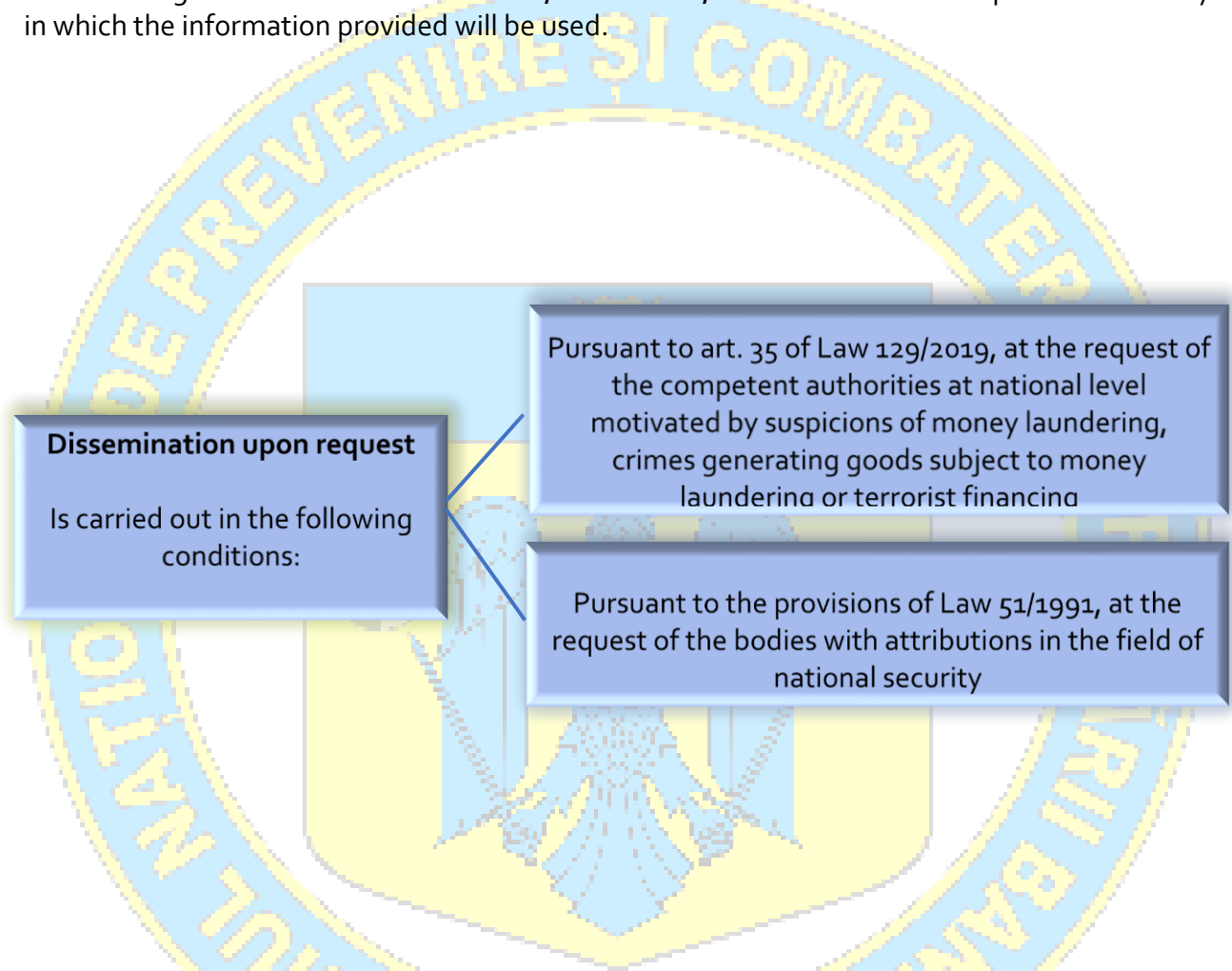


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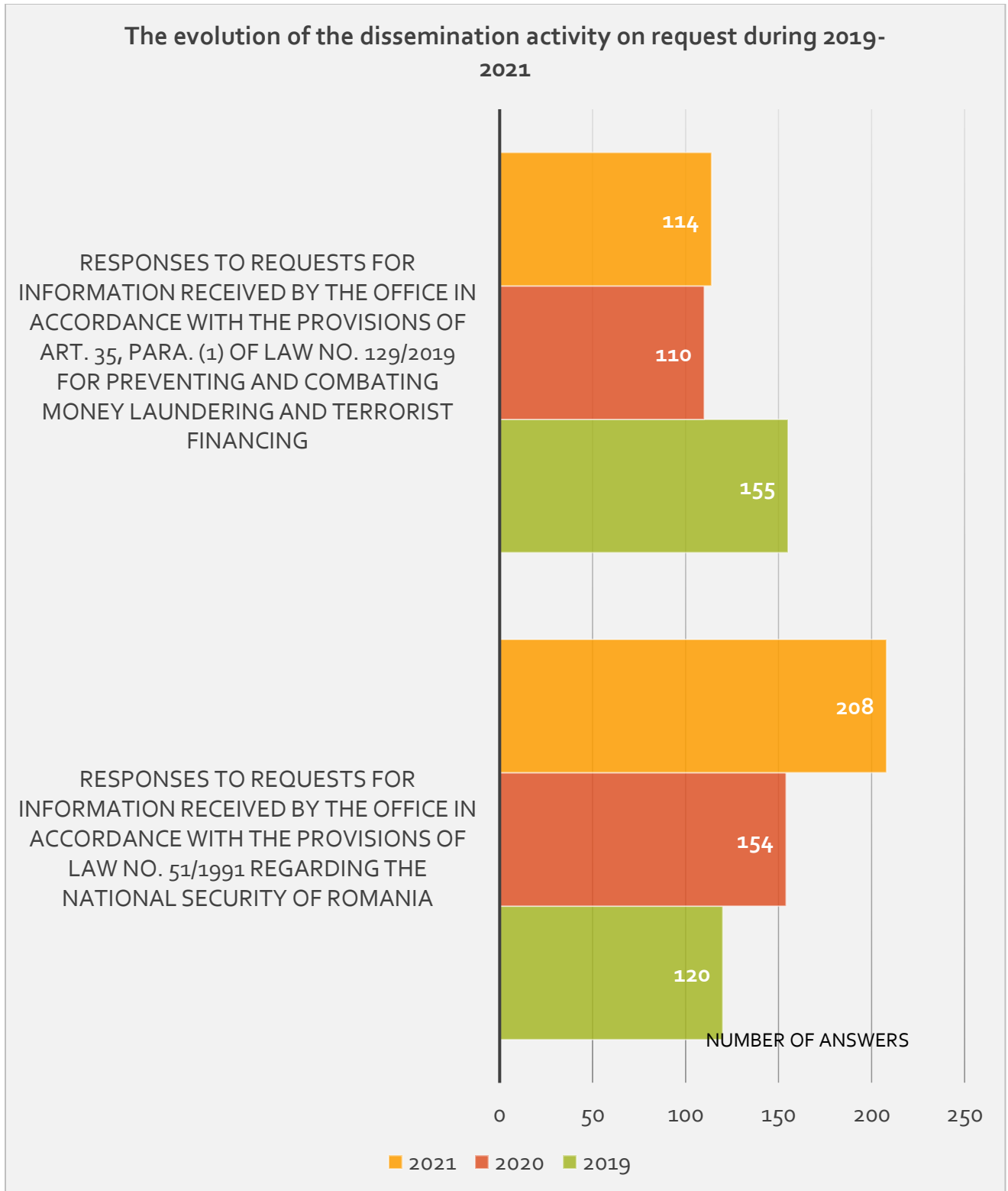
In 2021, the National Office for the Prevention and Control of Money Laundering disseminated to the four categories of beneficiaries a total number of 2,445 cases/information products (increasing by 91.31% compared to 2020 when the total products disseminated by the Office was 1,278).



As regards the on-demand dissemination process, it aims at transmitting the data and information held by the Office and received in accordance with the relevant legal provisions. Their beneficiaries are the Prosecutor's Office attached to the High Court of Cassation and Justice, the Romanian Intelligence Service and the criminal investigation bodies, and the request sent to the Office must be motivated by suspicions of money laundering, crimes generating money laundering or financing terrorism. The request for information must also include at least the following elements: the relevant facts, the context, the reasons for the request and the way in which the information provided will be used.



In 2021, the Office contributed to the investigative effort of law enforcement authorities by disseminating a number of 114 responses to requests for information from national competent authorities provided by law (approximately the same number as in 2020) and 208 responses to requests for information from bodies responsible for national security (increasing by 35% compared to 2020, when 154 such requests were registered).



The analysis process carried out at the Office level can be concluded, according to the legal provisions, and with the preservation of information, when there are no indications of money laundering, suspicions of terrorist financing or indications of committing crimes other than those money laundering or terrorist financing. During 2021, 20,783 cases were completed in this way.

PRIORITY OBJECTIVES FOR 2022

- updating the internal operational analysis procedures, on the one hand, in accordance with the risks of money laundering and terrorist financing, identified in the project *National Risk Assessment in the field of money laundering and terrorist financing*, financed by the European Commission through the *Support Program for Structural Reforms*, and on the other hand, in line with the feedback received from law enforcement authorities;
- training of the specialized personnel in performing the operational analysis for the improvement of the analytical products so that they correspond to the informational and investigative needs of their legal beneficiaries;
- consolidating the operational potential by implementing a new analysis software.

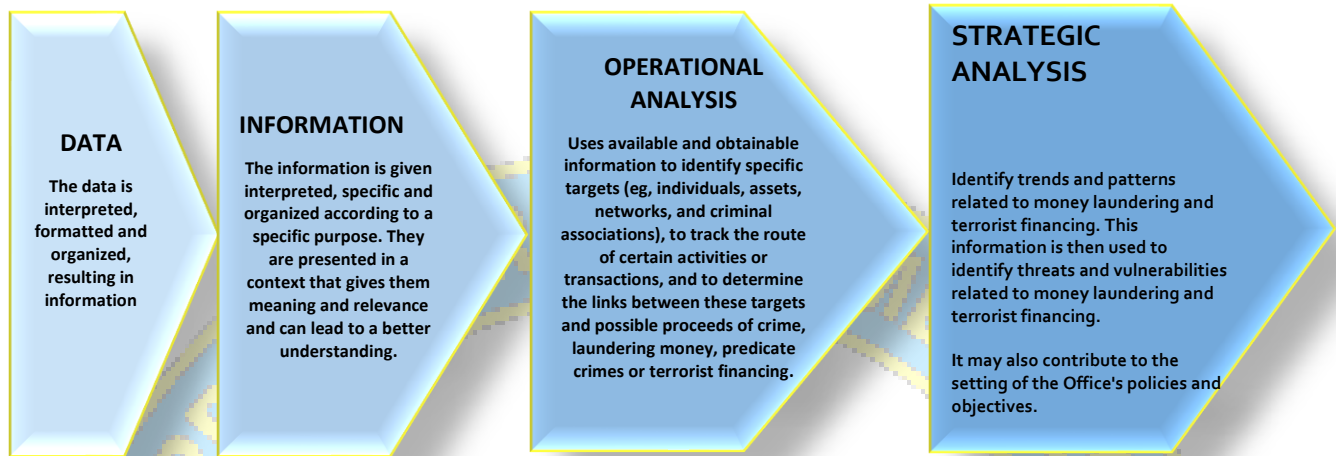
STRATEGIC ANALYSIS

Strategic analysis is the process of developing knowledge, using data and information available at the Office level so as to identify trends and patterns related to money laundering and/or terrorist financing, which provide an improved perspective and understanding of different activities and behaviours. This information is then used by the Office or the reporting entities to identify threats and vulnerabilities related to money laundering and terrorist financing. Strategic analysis can also help set policies and objectives for the Office.

Strategic analysis can generate different types of products which can vary depending on complexity and purpose, such as:

- **Typologies:** a systematic classification of a number of money laundering or terrorist financing schemes that appear to be similarly constructed or using similar methods;
- **Trends:** when a typology appears for a certain event over a period of time, it can be classified as a trend;
- **Patterns:** recurring features or traits that help identify a phenomenon/problem and that serve as an indicator or model for predicting its future behavior;
- **Synthesis:** composing or combining parts or elements so as to form a whole. The synthesis allows connections to be made to identify ideas and opportunities for detecting money laundering/terrorist financing operations;
- **Geographical analyses:** area of influence or location of the phenomenon;
- **Behavioral analyses:** type of operations, products, etc. used by a group;
- **Activity analyses:** the identified weaknesses of a sector or an economic activity.

The transition from data to strategic information involves the next steps:



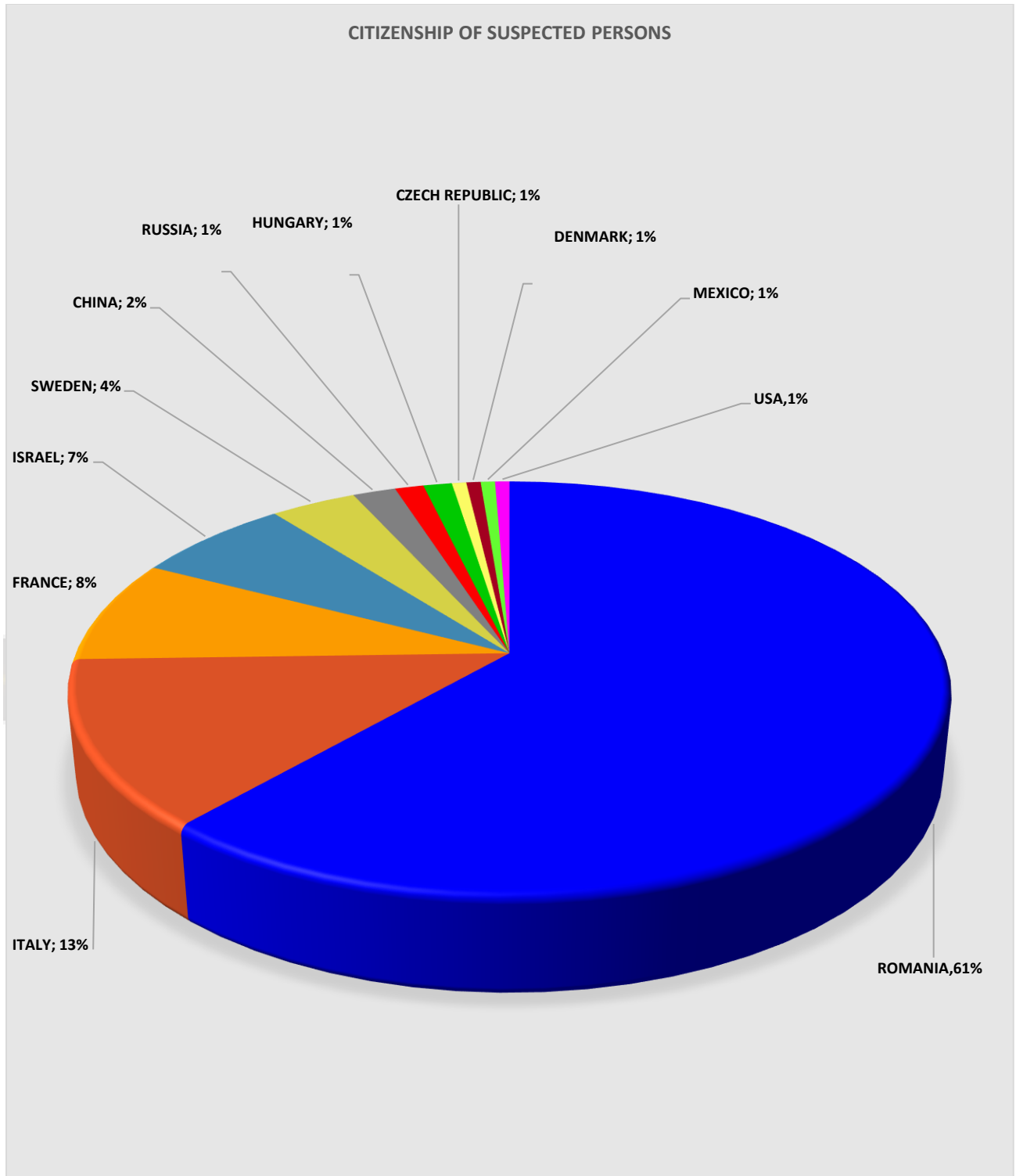
The analysis of the information contained in the suspicious transactions reports submitted by the reporting entities to the Office in 2021 showed that the indicators of suspicion with the highest recurrence that were the basis for their preparation, mainly concerned:

- Suspicions of crime (fraud, swindling, high risk of money laundering, illegal activities, corruption);
- Mismatch between the client profile/declared object of activity and the transactions registered in the accounts;
- Suspicions regarding the source of funds and their legality;
- The matching between the credits and the debits registered on the account;
- Transit accounts;
- Negative information in the media;
- Abrupt increase in turnovers;
- Cash withdrawals based on the purchase slip;
- Cash withdrawals and purchase of luxury goods;
- High value receipts from cryptocurrency whose source cannot be verified;
- Lack of supporting documents or supporting documents of a dubious nature;
- Receipts for which the correspondent banks requested the return of funds due to fraud;
- Lack of usual transactions such as utility payments or payments to the state budget;
- Suspicions regarding the presentation of forged documents at the opening of the business relationship;
- Transactions carried out between companies that have the same real beneficiary;
- Receipts from different ghost entities registered in offshore jurisdictions, with accounts opened in different jurisdictions (EU and non-EU);

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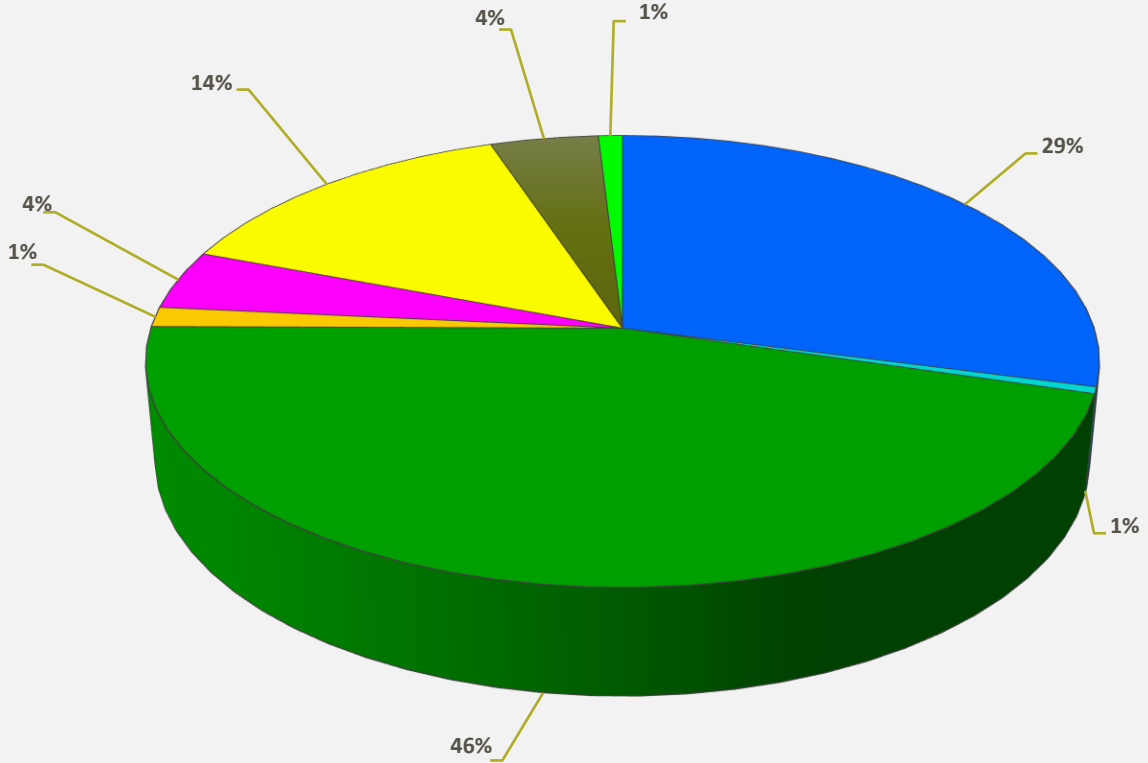
- Transactions that do not reflect normal banking or commercial activities and apparently have no economic purpose;
- Receipts of significant values through digital currency exchange and trading platforms, which promote anonymity (have insufficient information about the identity of the sender);
- Companies without employees, which do not present activity, the lack of supporting documents, the suspicion that the transactions present on the account are based on fictitious operations;
- Cash deposits made by persons for whom information has been identified according to which they have been investigated for crimes, such as organized criminal group, tax evasion, embezzlement, money laundering;
- Involvement in transactions of persons for whom investigations are ordered by state authorities, in terms of committing crimes;
- High value transactions for a newly established company, representing a loan received from the shareholder in order to buy a luxury good;
- Suspicions regarding the customer's transactional behavior, generated by low value receipts, from individuals in various EU countries, followed by payments to individuals in accounts opened in other jurisdictions and cash withdrawals from ATMs;
- Circuits of funds between companies, apparently unrelated to each other, followed shortly by the full reversal of the amounts, without conclusive explanations as to the reason for the "reversal";
- External receipts followed by external payments with no obvious economic purpose, all payments having the same beneficiary;
- Suspicions regarding the purpose of the transaction and the real beneficiary of the amounts transferred;
- Relatively established company, used exclusively for cash withdrawals.

At statistical level, the analyses performed within the works completed by transmission to the Prosecutor's Office attached to the High Court of Cassation and Justice based on art. 34 (1) of Law no. 129/2019, mainly targeted individuals whose share, in relation to citizenship, is shown below.



Also, the analysis of the information disseminated by the Office to the Prosecutor's Office attached to the High Court of Cassation and Justice revealed that tax evasion was the main predicate offence in the crime of money laundering, followed by fraud and transnational crimes.

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- Criminal Code
- Law no. 161/2003 regarding some measures for ensuring transparency in the exercise of public dignities, public positions and in the business environment, for the prevention and sanctioning of corruption, etc.
- Law no. 241/2005 for preventing and combating tax evasion
- Law no. 31/190 on the trading companies
- Law no. 365/2002 on electronic commerce
- Law no. 39/2003 on the prevention and combating of organized criminality
- Law no. 78/2000 on the prevention and sanctioning of corruption deeds
- Law no. 85/2006 on the insolvency procedure

Based on the analysis products disseminated by the Office in 2021 to the Prosecutor's Office attached to the High Court of Cassation and Justice, we have identified patterns (typologies) of financial behavior present in money laundering schemes, mode of action and profile of persons who initiates, conducts or is the beneficiary of suspicious financial transactions in terms of money laundering. These products ensure the construction of an overview of the money laundering phenomenon and highlight the vulnerabilities of the financial and non-financial system.

Below are some phenomena identified in connection with suspicious financial transactions in terms of money laundering or associated predicate offenses, in association with financial information, namely cash transactions and external transfer transactions.

1. Hiding the origin of funds from internet fraud by using accounts held by individuals in Romania and in other jurisdictions.

The typology is characterized by transfers made by various individuals (of Romanian citizenship and/or other citizens) from personal accounts held at credit institutions in the European Union to accounts held in Romania by resident citizens, where the funds are withdrawn in cash from ATMs located in different places. Withdrawals of cash are made either directly from the accounts of the persons collecting the funds from the external authorizing officers, or the funds are transferred to the accounts of other resident citizens from where they are subsequently withdrawn in cash.

Profile of natural persons involved in such transactions: persons of modest condition, without income declared to the tax authorities, presence of information on receipts from AJOFM (unemployment benefit).

Typology specific indicators:

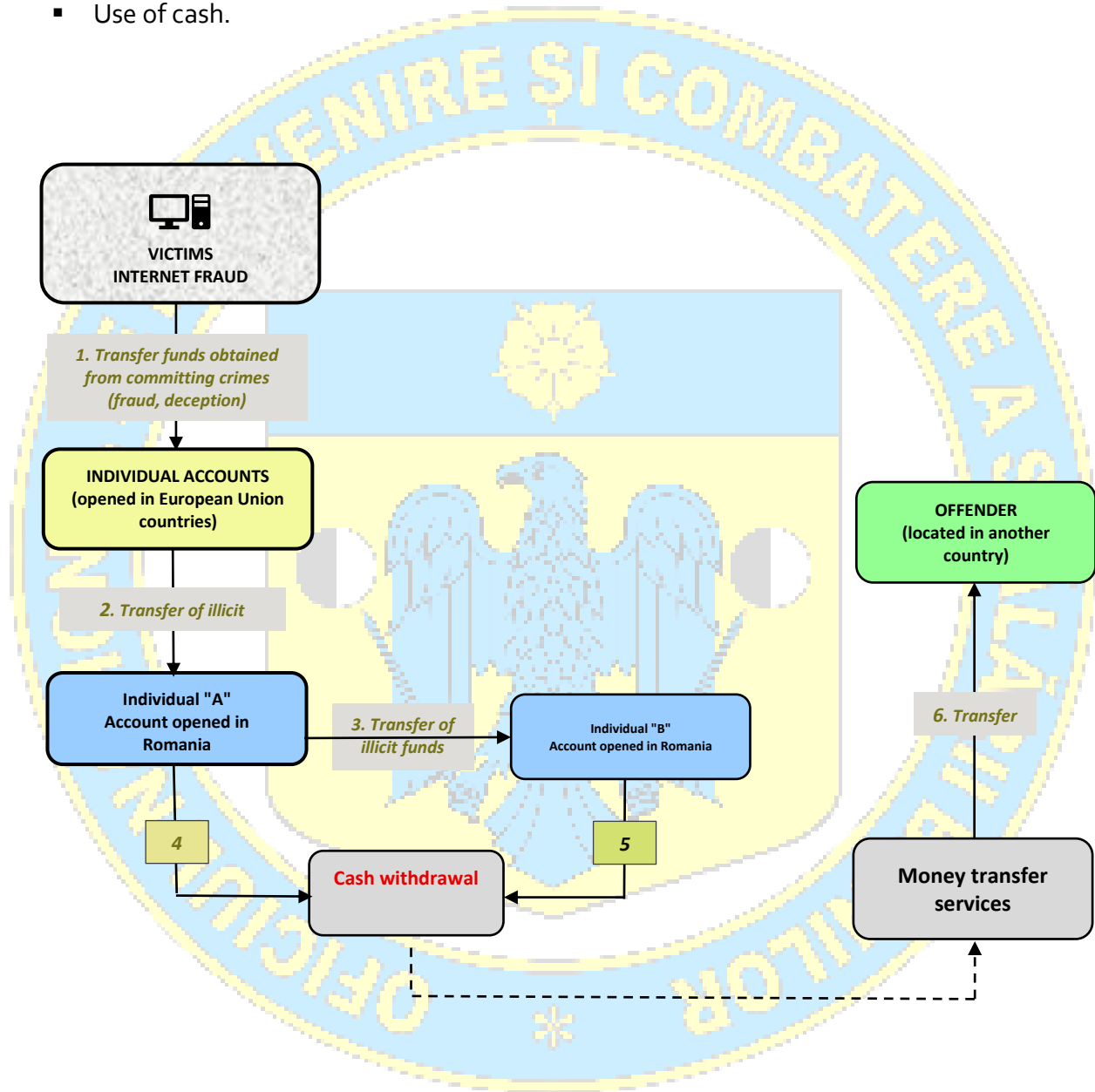
- The recently opened accounts of some individuals suddenly record repeated external receipts from various individuals, followed by cash withdrawals on the same day or in the days immediately following;
- The activity on the account does not correspond to the client's profile;
- Some receipts are followed by messages from the ordering banks for the return of the amounts, the reason being fraud;
- Information on the involvement of authorizing officers and/or beneficiaries in committing crimes (fraud, deception, cybercrime, membership in a criminal group, etc.);
- The match between the credits and the debits of an account in the same day or in the immediately following days;
- Lack of supporting documents for transactions carried out through accounts;
- Sometimes cash withdrawals are transferred through money transfer service operators to other jurisdictions.

Mechanisms:

- Using accounts opened with credit institutions on behalf of individuals;
- Using fast money transfer services.

Instruments:

- Use of cash.



2. Use of the accounts of some legal entities with inappropriate commercial/fiscal behavior for the withdrawal of illicit funds from the financial system:

This typology involves the successive transfer of funds of illicit origin (for example funds from the crime of tax evasion) through the accounts of newly established companies, some being controlled by the same persons, finally the funds being withdrawn in cash on the basis of supporting documents that might be fictitious.

Typology specific indicators:

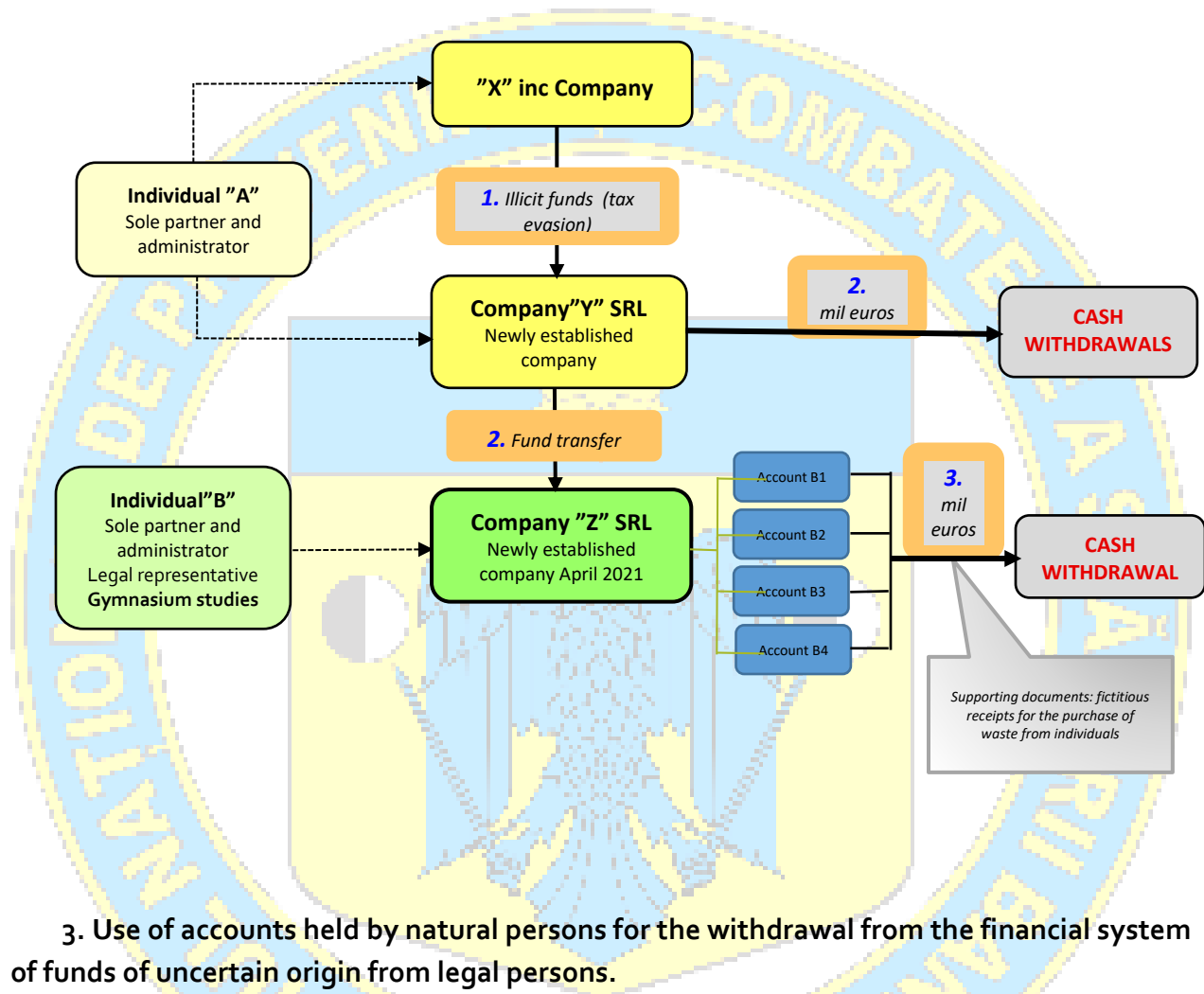
- There is a match between loans and debits in/from the accounts used, in many cases the funds being withdrawn in cash;
- Newly established companies, with atypical behavior, for which the economic reasoning and the purpose of the transactions are not known;
- Companies controlled by the same person/group of persons;
- Newly established company with accounts opened with several credit institutions and which records, in a short time, large cash withdrawals (for example, a newly established company with accounts opened with six credit institutions, of which in just 4 months since its establishment, funds of over 4 million euros have been withdrawn);
- Existence of suspicions regarding the real nature of the documents presented (for example: receipts for waste purchases from individuals, who either have false identification data or have professions unrelated to the marketing of waste - eg teacher);
- Inconsistencies between the fields of activity of the companies that credit the accounts from which the cash withdrawals are made;
- Cash withdrawals are made from agencies or ATMs located within several cities/counties, other than the one where the account was opened;
- The profile of the persons empowered to carry out operations on accounts (for example, people without education, very young or very old people, etc.);
- The proxies are sometimes accompanied to the bank by persons who appear to be the real beneficiaries of the funds that withdraw in cash;
- Payments specific to a real commercial activity cannot be identified on the accounts used (for example payments representing salaries, rent, payments to the state budget, etc.).

Mechanisms:

- Using accounts opened with credit institutions on behalf of legal entities;

Instruments:

- Massive use of cash.



3. Use of accounts held by natural persons for the withdrawal from the financial system of funds of uncertain origin from legal persons.

Typology specific indicators:

- Repeated transfers from the accounts of some legal entities to the accounts held by natural persons, the funds being subsequently withdrawn in cash;
- The transfers from the account of legal entities to the account of individuals have as explanation "dividends" or "loan repayment";
- The amounts transferred as "dividends" are not in accordance with the profit registered by the company;
- Presentation of supporting documents that do not match the client's profile;

- The natural persons to whom the money is transferred are in contact with the ordering legal persons (associate/shareholder, administrator, account holder);
- Refusal to present supporting documents for the transactions performed;
- There is a match between the loans and debits of the accounts of the natural persons involved, the funds being immediately withdrawn in cash or transferred to other legal entities, with the explanation "crediting the company" or "loan agreement".

Mechanisms:

- Use of accounts opened with credit institutions on behalf of legal and natural persons.

Instruments:

- Use of cash.

Case example:

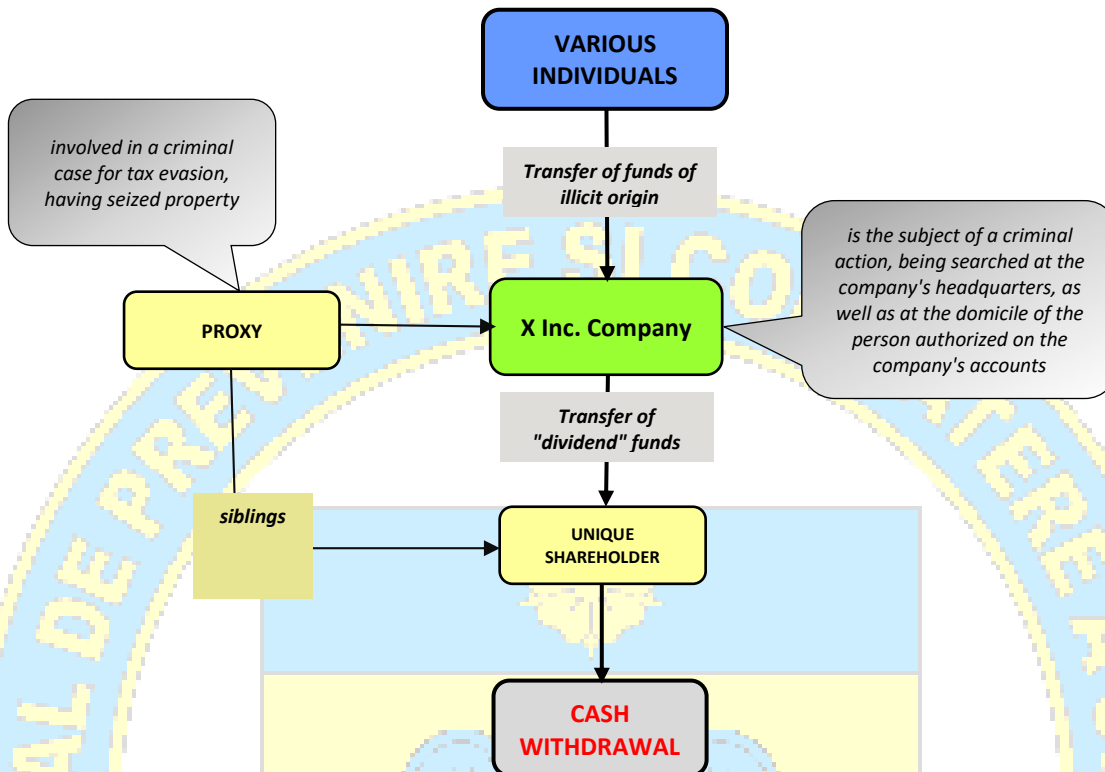
Funds possibly derived from committing crimes (for example: theft, complicity in theft, forgery of documents under private signature, use of forgery, intellectual forgery, etc.) were transferred from the accounts of individuals to the account of a company, entitled "as per invoice".

From the company's account, the funds were transferred to the sole shareholder's account, entitled "dividends", the client refusing to present the supporting documents requested by the representatives of the credit institution. Subsequently, the associate requested the withdrawal of the funds in cash.

According to the financial statements submitted by the company, it was observed that the total value of the funds transferred from the company's account to the associate's account, as dividends, far exceeded the value of the profit obtained.

Also, in open sources were identified information according to which the company is the subject of a criminal action, being searched at the company's headquarters, as well as at the home of the person authorized on the company's accounts (brother of the sole shareholder). At the same time, the person empowered on the account was involved in a criminal case for tax evasion, having instituted seizure of property.

Thus, it was reasonably considered that the funds of illicit origin were transferred to the partner's account, on the one hand, in order to avoid a possible seizure on the company's accounts and, on the other hand, in order to be withdrawn from the financial system.



4. Use of the accounts of entities registered in offshore jurisdictions to justify the origin/destination of funds of uncertain origin.

Typology specific indicators:

- Unusual circuit of funds from entities with accounts opened in offshore jurisdictions, followed on the same day by the transfer of money also abroad;
- The client's accounts are used only for transit purposes;
- Lack of supporting documents and clarifications on the source of funds raised, purpose and nature of transactions;
- Lack of economic activity on the Romanian territory, not being registered receipts/payments from/to Romanian companies or payments to the state budget;
- The Romanian account records concordances between receipts and payments, often during the same day.

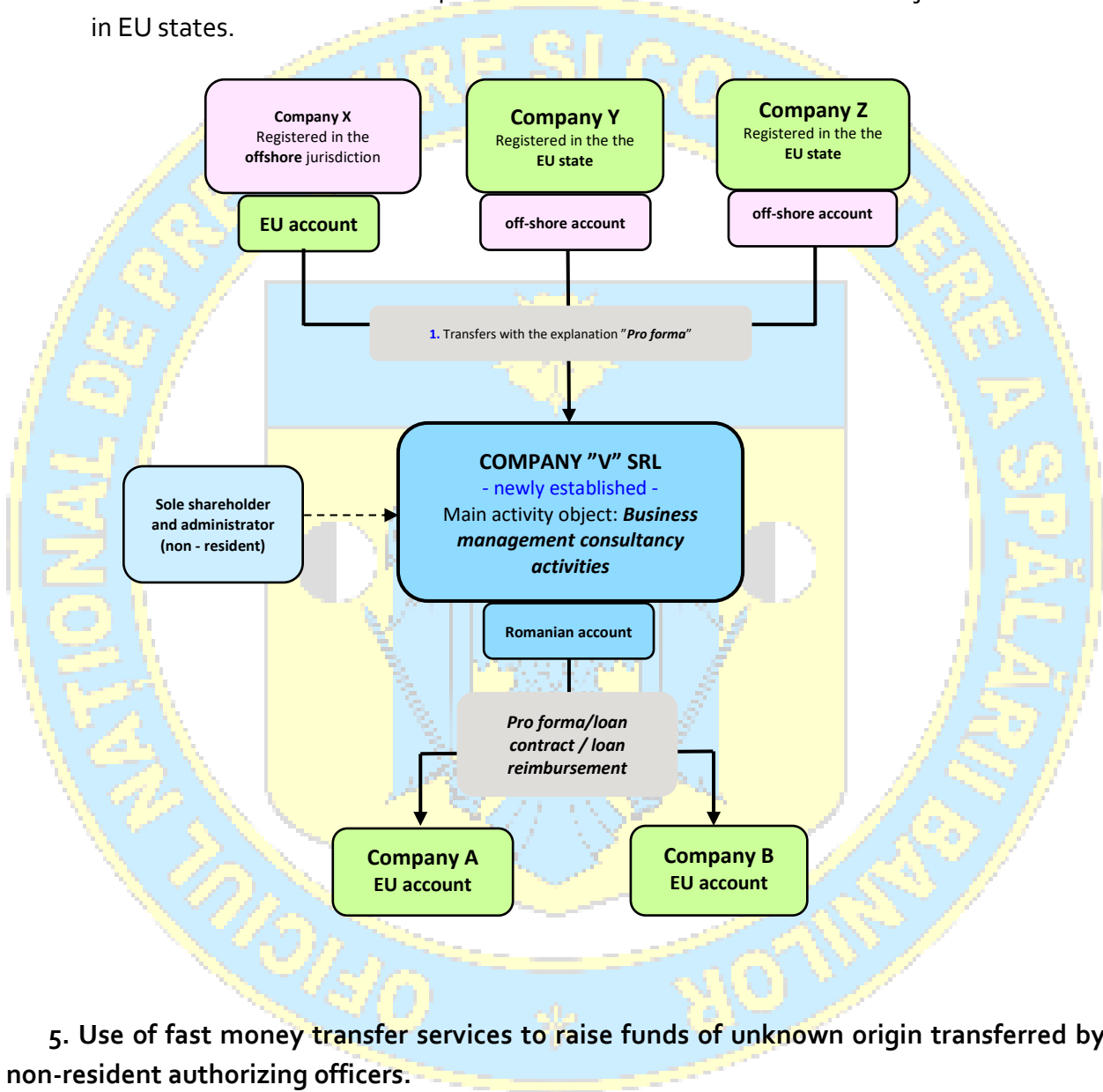
Mechanisms:

- Use of accounts opened with credit institutions on behalf of legal entities;

- Use of accounts opened with credit institutions in the EU on behalf of legal persons registered in offshore jurisdictions;
- Use of accounts opened with credit institutions in offshore jurisdictions.

Instruments:

- Transfers between accounts opened with credit institutions in offshore jurisdictions and in EU states.



- 5. Use of fast money transfer services to raise funds of unknown origin transferred by non-resident authorizing officers.

Typology specific indicators:

- Numerous transfers made through fast money transfer systems by non-resident individuals to resident individuals (often with the same address);

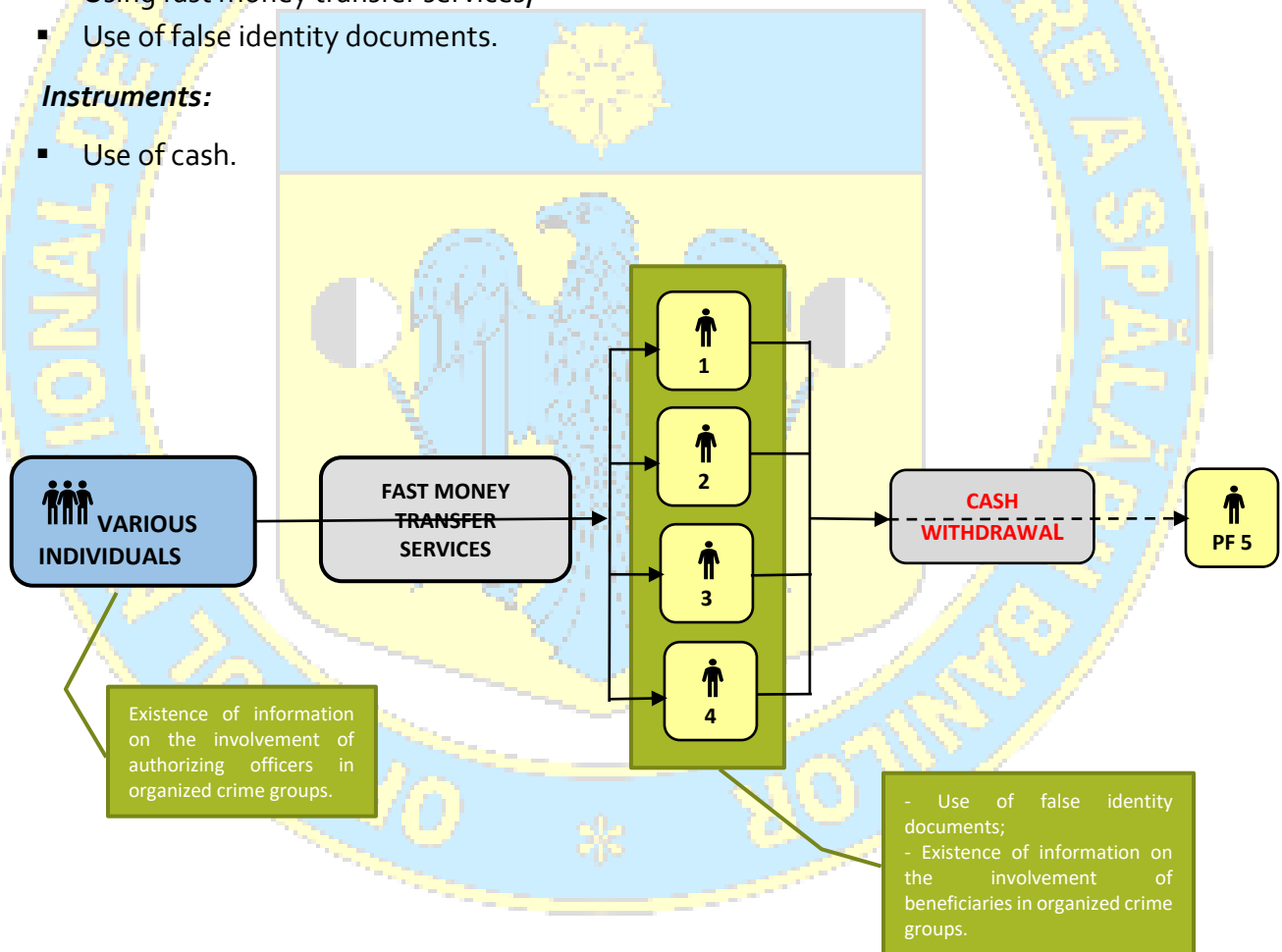
- The recipients of the funds are accompanied by other persons who indicate their identification data for the transaction;
- Using different identity documents to collect and withdraw funds in cash;
- Use of different names by the same person (false identity documents);
- Same day transactions, using different locations of fast money transfer service providers to raise cash;
- There is no obvious link between the authorizing officers and the beneficiaries, which would justify the operations performed;
- Existence of information on the possible involvement of authorizing officers and/or beneficiaries in organized criminal groups (trafficking in human beings, fraud etc.).

Mechanisms:

- Using fast money transfer services;
- Use of false identity documents.

Instruments:

- Use of cash.



6. Use of online payment systems to raise funds from cybercrime (fraud, swindling) transferred by non-resident authorizing officers.

Typology specific indicators:

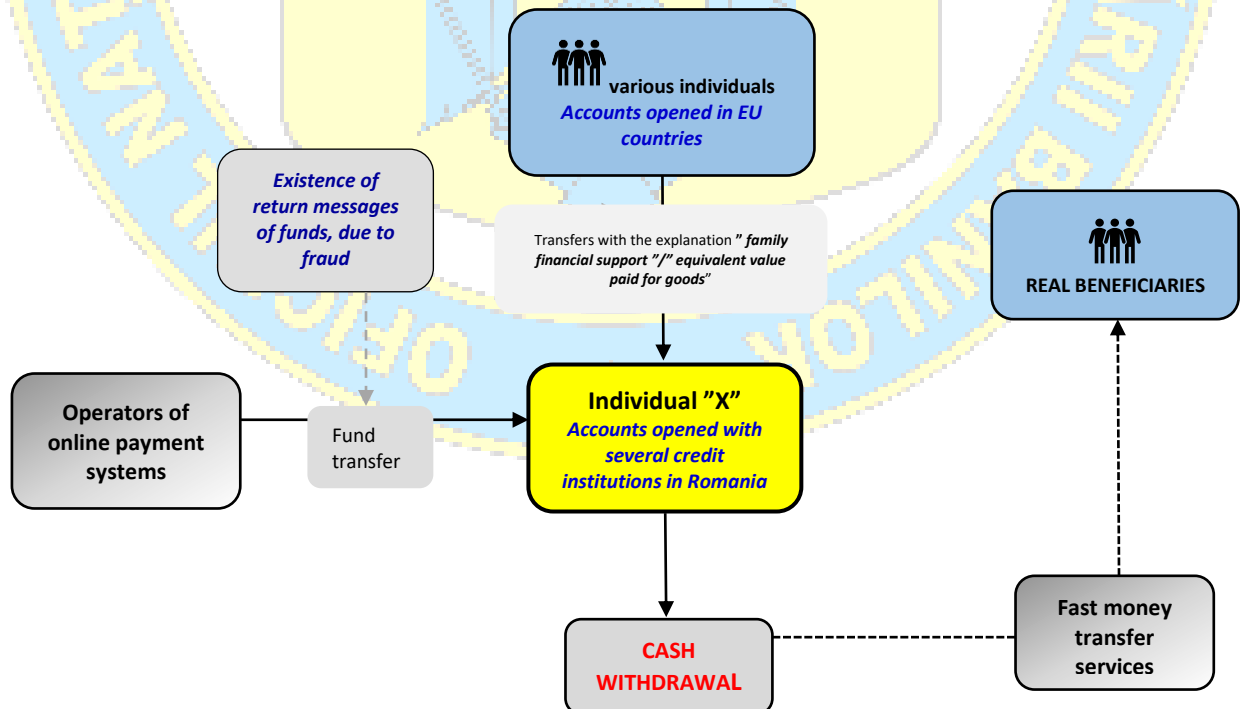
- Recently opened accounts
- Repeated receipts from outside, from various individuals, with explanations such as "payment for goods", "family financial support", etc., followed by cash withdrawals;
- In some cases, the amounts withdrawn in cash were transferred through the fast money transfer services to the real beneficiary/beneficiaries of the funds;
- The value of each collection is small, while the total amount becomes significant;
- The discrepancy between the client's profile and the registered transactional activity;
- Identification in open sources of information regarding the client's involvement in alleged acts of fraud;
- Requests for return of funds, the reason being "fraud".

Mechanisms:

- Using online payment systems;
- Using accounts opened with credit institutions on behalf of individuals.

Instruments:

- Use of cash.



STATISTICAL ANALYSIS

STATISTICAL REPORT ON CASH TRANSACTIONS, EXTERNAL TRANSFERS AND TRANSFERS OF FUNDS FOR THE MONITORING ACTIVITY, PERFORMED BETWEEN JANUARY 1 .2021 - DECEMBER 31 2021, WHICH WERE REGISTERED BY THE NOPCML

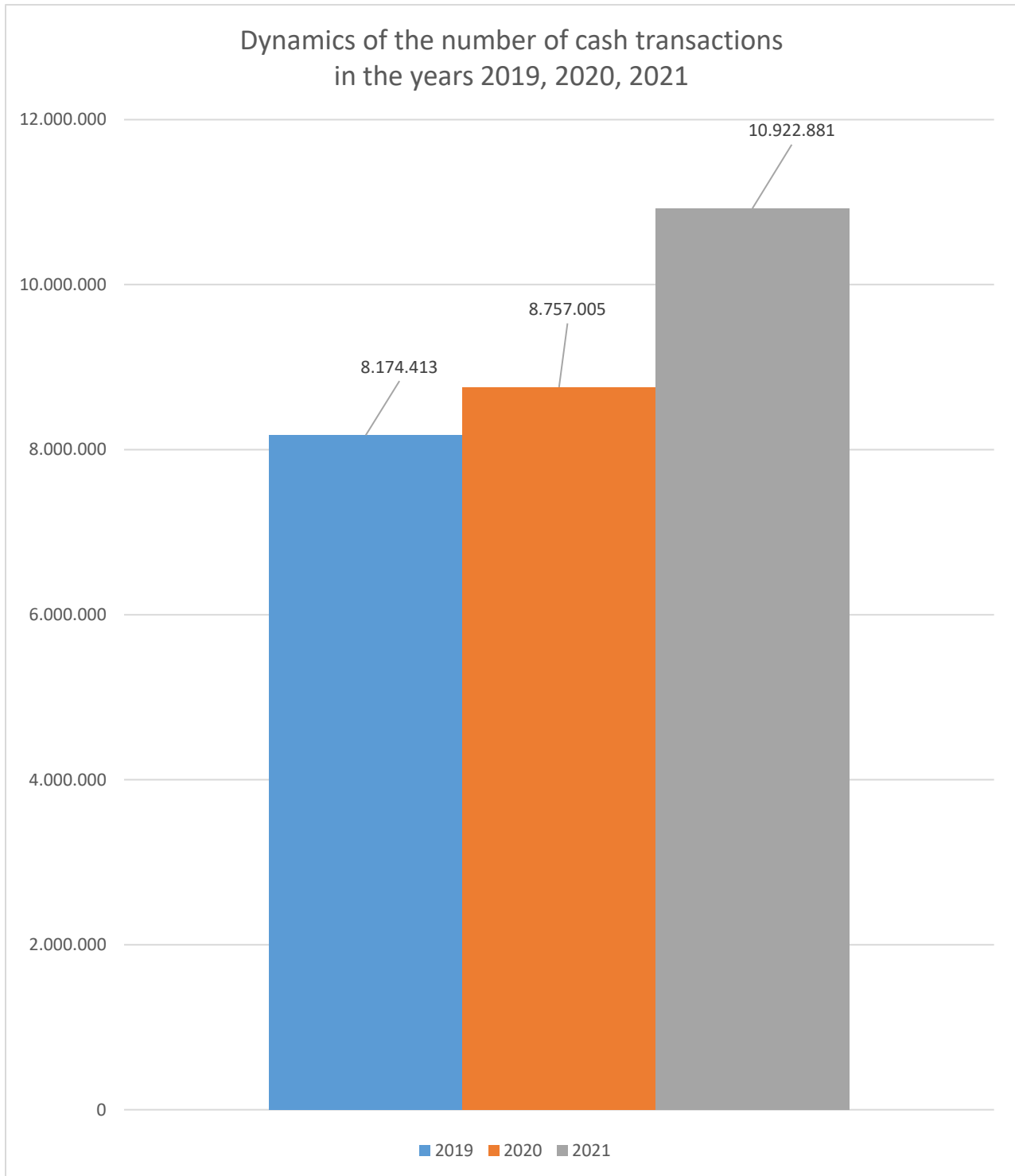
I. CASH DEPOSITS/WITHDRAWALS > 10.000 Euro

During 2021, 16,491 reports were received in the databases of the National Office for the Prevention and Control of Money Laundering, received from the reporting entities.

The 16,491 reports comprise a total number of 10,922,881 operations, of which 9,049,894 were cash deposit operations, in a total amount of 53,027,625,888 euros, and 1,872,987 represent cash withdrawal operations, in a total amount of 19,135,069,499 euro. The main reporting entities are banks, with 5,798 reports, entities carrying out foreign exchange activities - 4,892 reports, companies active in the field of gambling -2,632 reports.

The dynamics of the number of reports and the number of cash transactions in 2019, 2020 and 2021 is shown below:

Data tracked	2019	2020	2021
No. of reports	12.736	17.842	16.491
No. of total operations	8.174.413	8.757.005	10.922.881

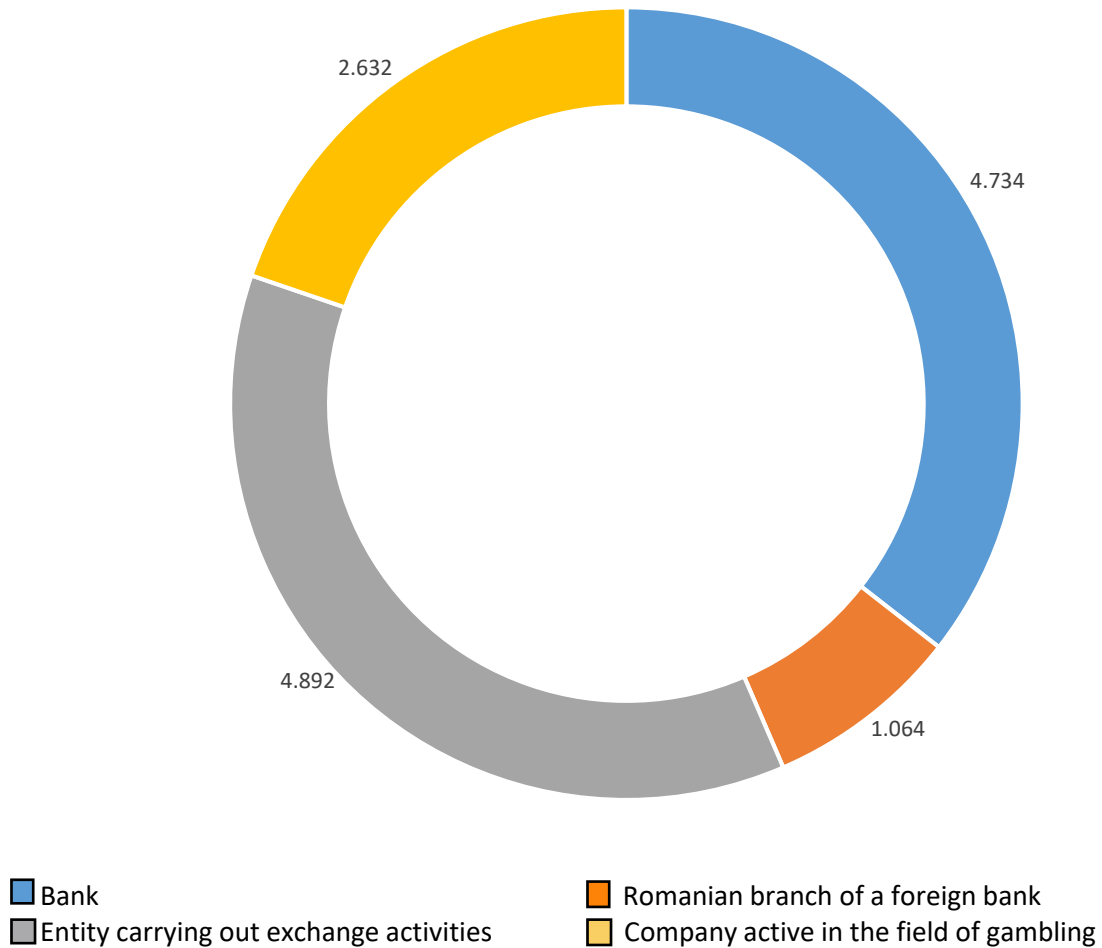


The structure of the number of cash transaction reports recorded in 2021, by types of reporting entities, shows as follows:

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Reporting entity type	No. of reports
Bank	4.734
The Romanian branch of a foreign bank	1.064
Entity carrying out foreign exchange activities	4.892
Company active in the field of gambling	2.632

Number of cash transaction reports in 2021, by types of reporting entities



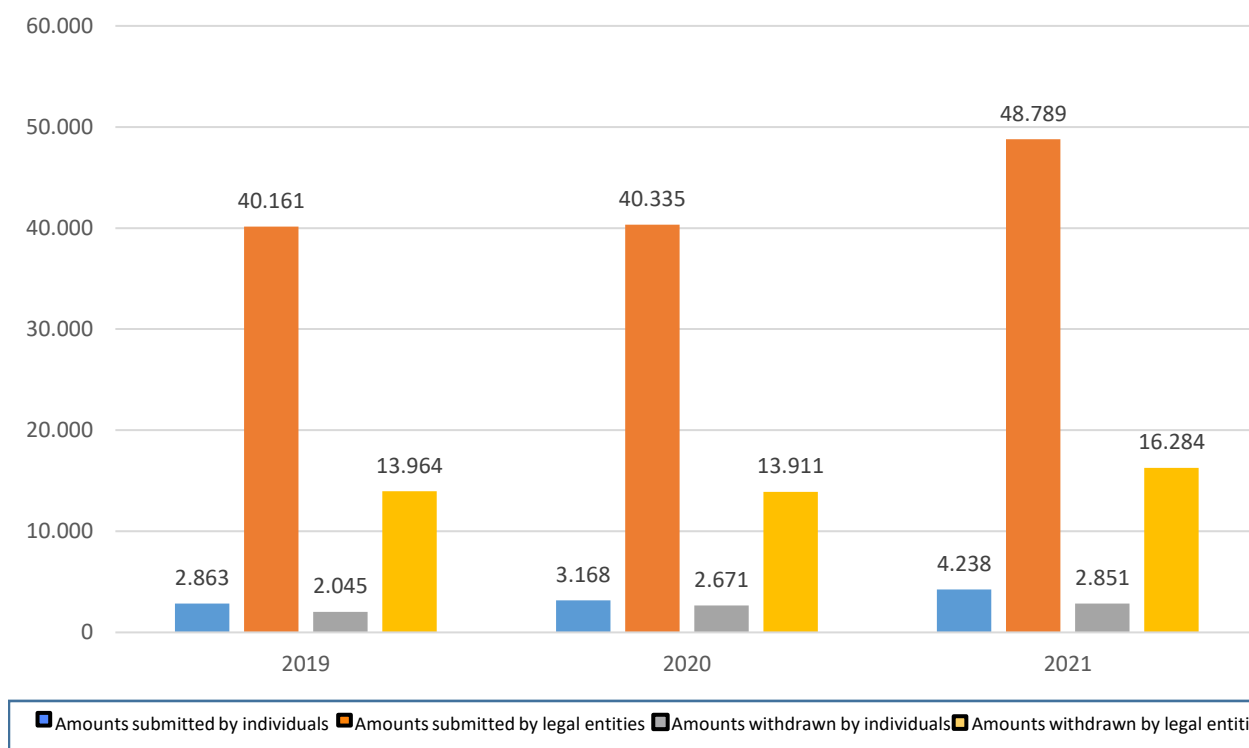
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Please find the evolution and structure of the amounts deposited and withdrawn in cash by individuals/legal entities, in 2021:

Amounts traded in cash (mil. euro)

Data tracked/Year	2019	2020	2021
Amounts submitted by individuals	2.863	3.168	4.238
Amounts submitted by legal entities	40.161	40.335	48.789
Total amounts submitted	43.024	43.503	53.028
Amounts withdrawn by individuals	2.045	2.671	2.851
Amounts withdrawn by legal entities	13.964	13.911	16.284
Total amounts withdrawn	16.009	16.582	19.135

Dynamics of cash traded amounts between 2019-2021 (mil euro)



Number of cash deposits/withdrawals performed by individuals/legal entities

Data tracked/Year	2019	2020	2021
Cash deposits by individuals	180.837	271.043	357.422
Cash deposit by legal entities	6.796.714	7.180.390	8.692.472
Withdrawal by individuals	195.364	364.969	459.174
Withdrawal by legal entities	1.001.498	940.603	1.413.813
Total cash deposit operations	6.977.551	7.451.433	9.049.894
Total cash withdrawal operations	1.196.862	1.305.572	1.872.987

**Total number of cash deposits/withdrawals broken down by national and foreign currency
- mil operations-**

2019			2020			2021		
TOTAL transactions	National currency	Foreign currency	TOTAL transactions	National currency	Foreign currency	TOTAL transactions	National currency	Foreign currency
8,2	7,5	0,7	8,8	8,2	0,6	10,9	10,3	0,6

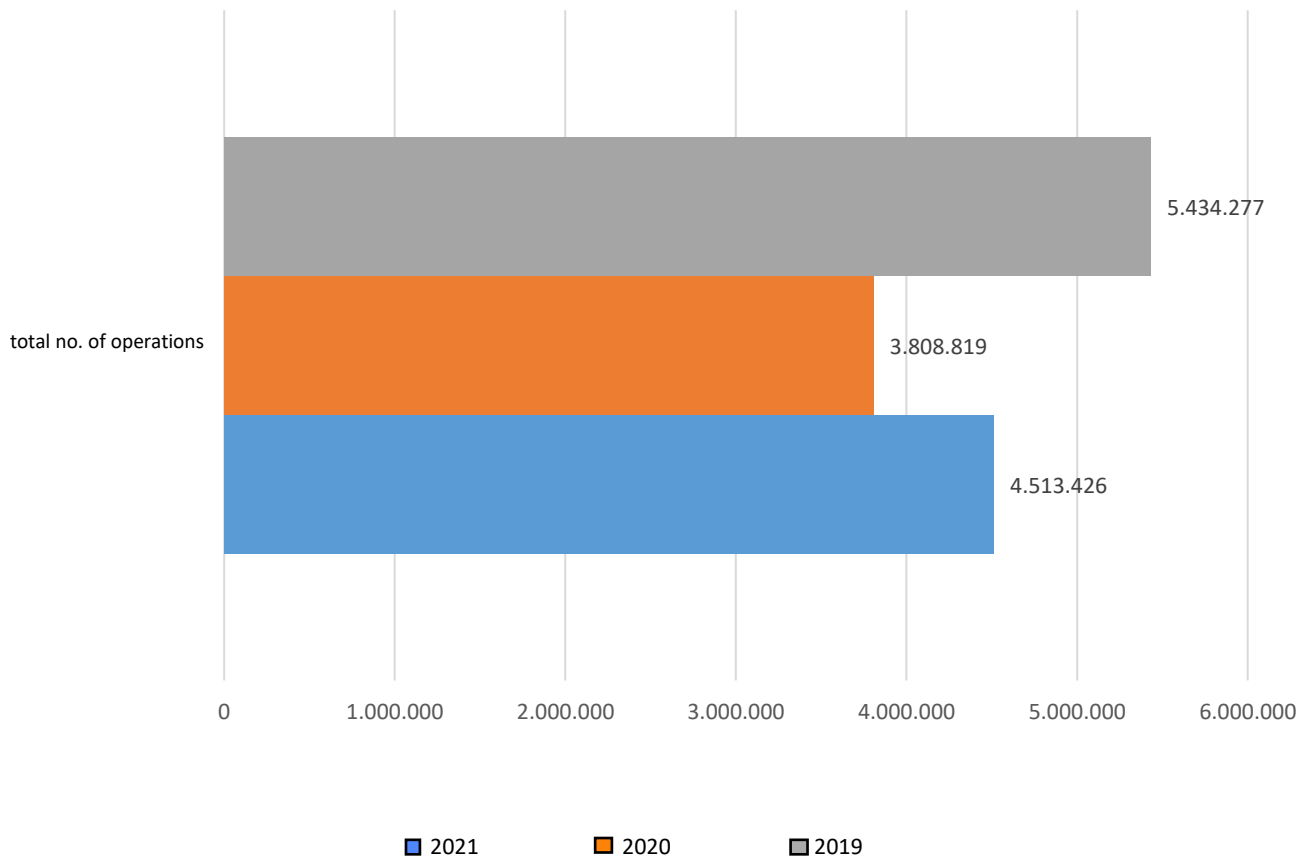
II. EXTERNAL TRANSFERS > 10.000 Euro

In 2021, 6,283 reports of external transfers to and from accounts in Romania were registered in the databases of the National Office for the Prevention and Control of Money Laundering, comprising 5,434,277 operations, reports received from banks (5,100) from Romanian branches of foreign banks (1,112), from Romanian branches of a foreign financial institution (60) and from credit cooperative organizations (8), from financial investment service companies (2) and from non-banking financial institutions -financial leasing (1).

The dynamics of the number of reports and the number of external transfer operations in 2019, 2020 and 2021 are shown below:

Data tracked	2019	2020	2021
No. of reports	4.850	5.980	6.283
No. of total operations	4.513.426	3.808.819	5.434.277

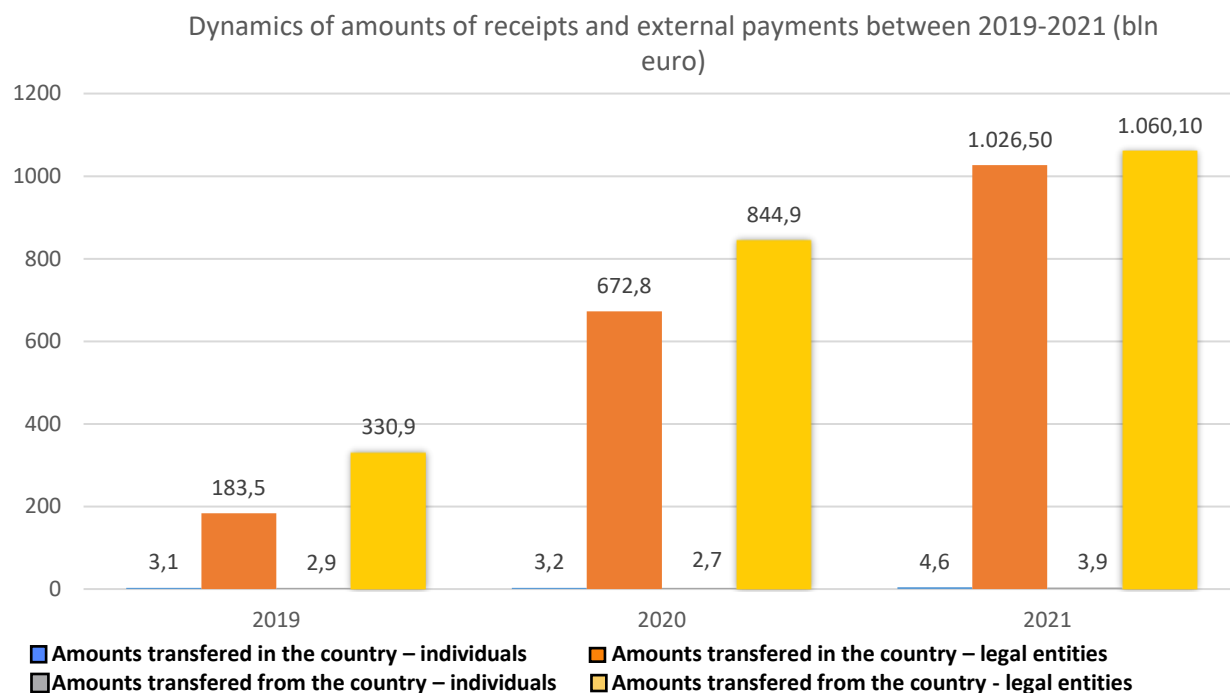
Dynamics of the number of external transfer operations in the years 2019, 2020, 2021



Activity report 2021 - NOPCML

Below is the evolution and structure of the amounts of receipts and external payments made by individuals/legal entities in 2021:

Amounts transferred to/from Romania (bln. euro)			
Data tracked/year	2019	2020	2021
Amounts transf. in the country - individuals	3,1	3,2	4,6
Amounts transf. in the country – legal entities	183,5	672,8	1.026,5
Amounts transf. in the country	186,6	676,0	1.031,1
Amounts transf. from the country - individuals	2,9	2,7	3,9
Amounts transf. from the country - legal entities	330,9	844,9	1.060,1
Amounts transf. from the country	333,8	847,6	1.064,0



Total number of external transfer operations broken down into national and foreign currency

- mln operations -

2019			2020			2021		
Total transactions	National currency	Foreign currency	Total transactions	National currency	Foreign currency	Total transactions	National currency	Foreign currency
4,5	1,7	2,8	3,8	1,2	2,6	5,4	2,0	3,4

III. TRANSFERS OF FUNDS FOR THE MONITORING ACTIVITY > 2.000 Euro

In 2021, 392 reports of funds transfers for the remittance activity, received from specialized entities that provide payment services, comprising 8,839 operations, were registered in the databases of the National Office for the Prevention and Control of Money Laundering, a total of 26,638,712 euros.

The transfers of funds for the remittance activity made in 2021 are broken down as follows:

Transfers of funds for the remittance activity	Number of operations	Amounts (euro)
Internal transfers	5.945	19.633.126
Transfers from Romania abroad	148	352.358
Transfers from abroad to Romania	2.746	6.653.228
TOTAL	8.839	26.638.712

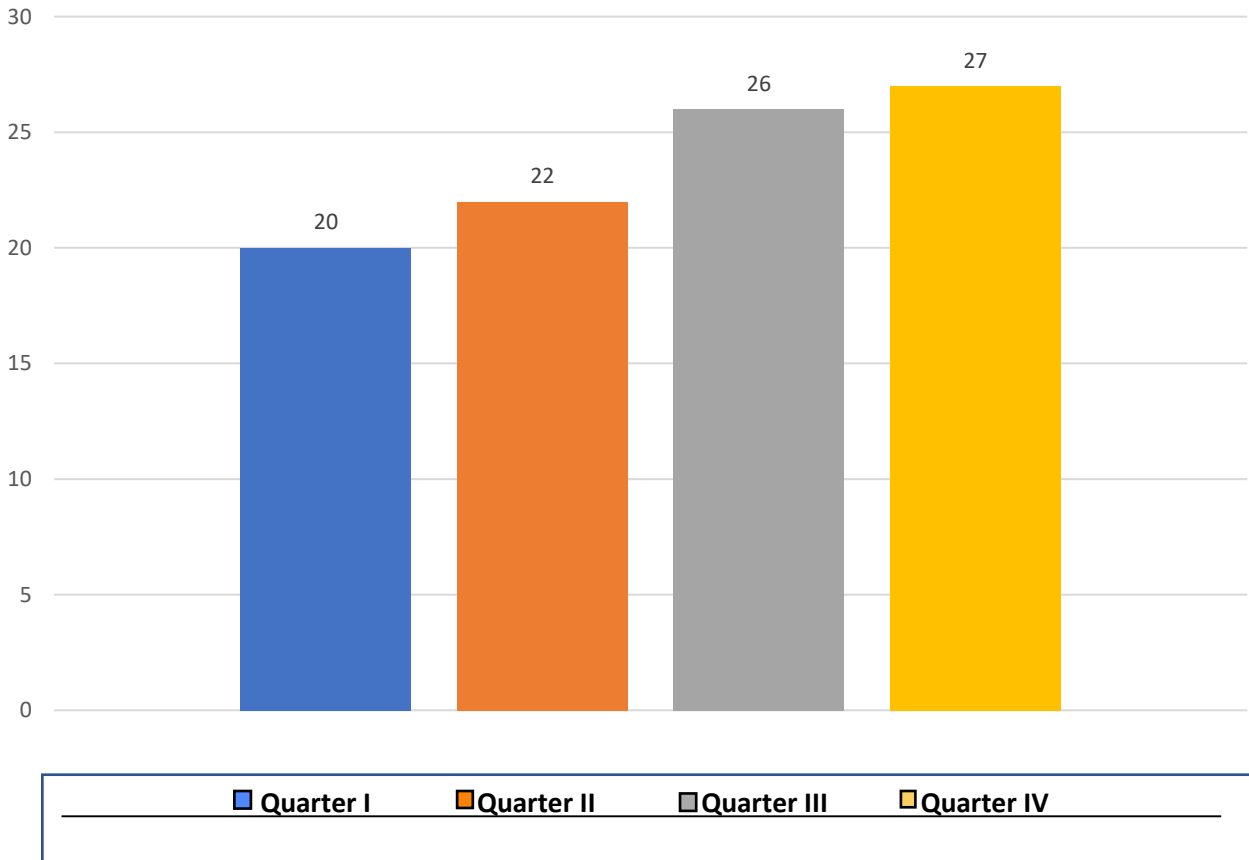
IV. FEEDBACK SUPPLY AS A RESULT OF SUSPECTED TRANSACTION REPORTS WITH UNEXECUTED TRANSACTIONS

Starting with 2021, the Office provided, quarterly, feedback to the reporting entities and the prudential supervisory authorities in whose competence the reporting entities are, regarding the effectiveness and actions taken by it, as a result of suspicious transaction reports with unexecuted operations, being prepared and sent 96 notifications, as well as the related statistical statements for each calendar month.

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Beneficiaries	Feedback provided on a quarterly basis to each reporting entity and each prudential supervisory authority in 2021 (number of notifications)			
	Quarter I	Quarter II	Quarter III	Quarter IV
Reporting entities	19	21	25	24
Prudential supervisory authorities	1	1	1	3
TOTAL	20	22	26	27

Feedback provided on a quarterly basis to each reporting entity and each prudential supervisory authority in 2021 (number of notifications)



INTERNATIONAL COOPERATION - The exchange of information made by FIU Romania - NOPCML in 2021

Since its establishment in 1999, the Office has provided the necessary legal framework to be able to exchange financial information with other financial intelligence units, in order to prevent and control money laundering and terrorist financing, without this competence being conditioned by the existence of a memorandum or other type of agreement/understanding concluded with counterpart institutions.

However, for reasons that derive, as a rule, from the practices that govern the cooperation activity, FIU Romania has concluded bilateral cooperation agreements that have as object the exchange of financial information with over 50 member states or third parties.

The current legal framework unequivocally establishes that the Office may exchange information, on its own initiative or upon request, on the basis of reciprocity, through secure channels of communication, with foreign institutions having similar functions or with other competent authorities in other Member States or third countries, which have an obligation to maintain secrecy under similar conditions, if such communications are made for the purpose of prevention and control of money laundering and terrorist financing, including the recovery of the proceeds of such crimes.

For the exchange of information, the Office uses the secure communication networks provided by the Egmont Group - Egmont Secure Web (ensures the global interconnection between the member Financial Information Units (FIUs) and FIU.NET (ensuring the interconnection at European level, between the FIUs of the Member States of the European Union).

Using the secure networks Egmont (ESW) and FIU.NET, the Office sends and receives annually an important number of requests for information which are the basis for solving the financial analyzes performed within the institution, in fulfillment of the obligations provided by Law no. 129/2019, with subsequent amendments and completions, or which contributes to solving the analyses performed within the institutions with similar attributions from abroad.

Requests for information and spontaneous information received in 2021

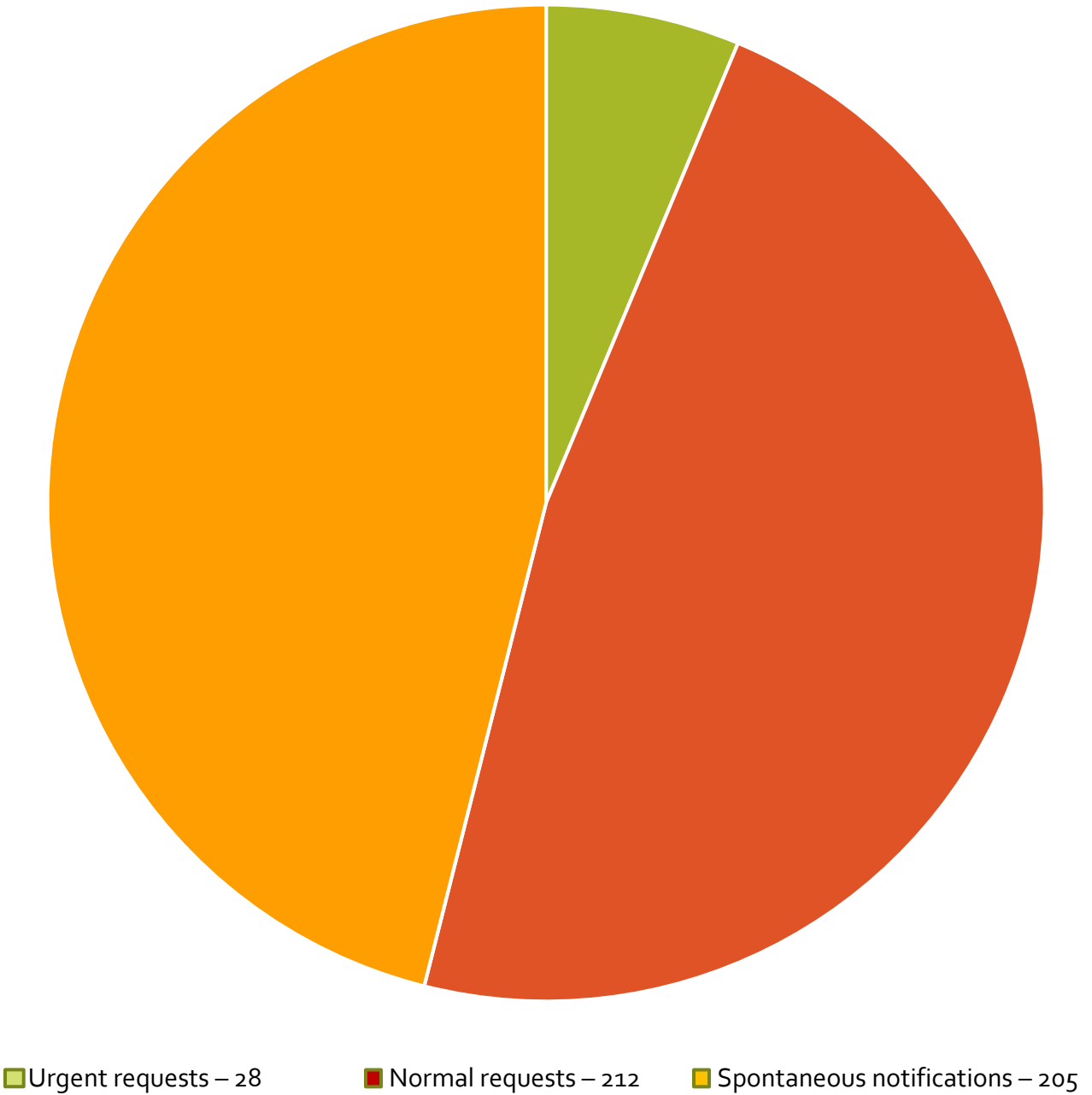
Through the information exchange networks to which the Office is connected (FIU.NET and Egmont Secure Web), it has the capacity to exchange information operatively with over 160 financial information units, globally.

Activity report 2021 - NOPCML

At the same time, foreign FIUs exchange information with the Office, thus contributing to increasing the value of their own analyses.

In 2021, the Office received 240 requests for information through the two communication channels, of which 28 were urgent and 212 normal, but also 205 spontaneous information.

Requests for information received by FIU RO



During the analyzed period, the countries from which FIU Romania received the most requests for information were: Germany (30), Italy (23), the Republic of Moldova (17), Luxembourg (16), Great Britain (12), Malta (9), Spain (8), Belgium (7), Netherlands (7), Poland (7), Israel (7), Cyprus (6), France (6), Hungary (6), Austria (5), Lithuania (5), as well as Europol (5).

The processing of requests for information received from partner partners and Europol led to cooperation with other Romanian authorities involved in prevention and control of money laundering and terrorist financing: prosecutor's offices, the Romanian Police, NAFA, NBR, the National Authority for Citizenship, and the request information from credit institutions.

We also specify that the spontaneous information was sent to the Office for suspicions of money laundering arising from various crimes (for example: acquisition of luxury goods by individuals investigated in Romania, transactional activities that are not in accordance with the declared field of activity , chip dumping fraud, remote gambling activities, pimping, fraudulent bankruptcy, trafficking in human beings, large money transfers without economic justification, fraudulently used accounts, use of transit accounts, cryptocurrency transactions , tax evasion, blocked transfers by banks, compromised emails).

Requests for information and spontaneous information sent in 2021

In 2021, the Office sent a total of 221 requests for information to FIUs abroad, of which 71 urgent requests, 92 requests of a normal nature and 58 spontaneous information, mainly to FIUs in Italy (20), Great Britain (19), Republic of Moldova (16), Germany (13), U.S.A. (12), Estonia (9), Spain (9), Bulgaria (7), Switzerland (7), Hungary (7).

According to the operational procedure for the exchange of information, the requests were submitted on the basis of the existence of suspicions regarding the actions carried out by individuals and companies, which indicated the possibility of links with those countries.

SUPERVISION AND CONTROL ACTIVITY – operational dimensions

The surveillance and control activities carried out by the Prevention, Surveillance and Control Directorate represent the **main component** of the institutional responsibility of the **Office for the Prevention of Money Laundering, Terrorist Financing and the implementation of international sanctions.**

The supervisory and control activities have a number of predetermined objectives, among which we mention:

- **analysis and processing of information** obtained from the Office's internal and external databases in order to identify entities that are vulnerable to the risk of money laundering and terrorist financing **by determining the degree of exposure to this risk;**

- **analysis and processing of information** obtained during the control activity, in conjunction with those in the Office's internal and external databases, when suspicions of **money laundering or terrorist financing are identified**.

The specific activity carried out by the Prevention, Surveillance and Control Directorate has two components:

- **the supervision** of the reporting entities that fall under the responsibility of the NOPCML. The activity is carried out at the institution's headquarters on the basis of a pre-established analytical tool at the level of the institution and represents the risk-based approach in relation to the exposure of reporting entities to the risk of money laundering and terrorist financing;

- **carrying out control actions** according to the legal provisions, thus:

a) according to the provisions of art. 26 para. (1) letter d) of the Law, in order to verify the application of the legal provisions in the field of prevention of money laundering and terrorist financing, to all reporting entities that are not subject to the supervision of the authorities provided in art. 26 para. (1) letter a) of the Law;

b) according to the provisions of the Government Decision no. 603/2011 for the approval of the Norms on the supervision by the National Office for the Prevention and Control of Money Laundering of the manner of implementation of international sanctions regarding the manner of application of international sanctions by regulated entities, to all reporting entities that do not are subject to the supervision of the authorities provided in art. 26 para. (1) letter a) of the Law;

c) according to the provisions of art. 57 of the Law to the legal persons regarding the manner of observing the provisions of art. 56 para. (1) of the Law and according to the provisions of art. 345 para. (2) of Government Ordinance no. 26/2000 regarding associations and foundations, approved with modifications and completions by Law no. 246/2005, with the subsequent amendments and completions, to associations and foundations regarding the manner of observing the provisions of art. 344 of the Government Ordinance no. 26/2000, approved with modifications and completions by Law no. 246/2005, with subsequent amendments and completions;

d) controls according to the provisions of art. 26 para. (3) of the Law on transactions carried out by legal persons and entities without legal personality, other than those under the supervision of the National Bank of Romania and the Financial Supervisory Authority, when from the data held by the Office there are suspicions of money laundering or terrorist financing.

SURVEILLANCE ACTIVITY

Based on the provisions of Law no. 129/2019, the National Office for Prevention and Control of Money Laundering has attributions of supervision and control of the application of the provisions of the special law and of the secondary legislation, by the reporting entities provided by law that are not supervised by NBR and FSA.

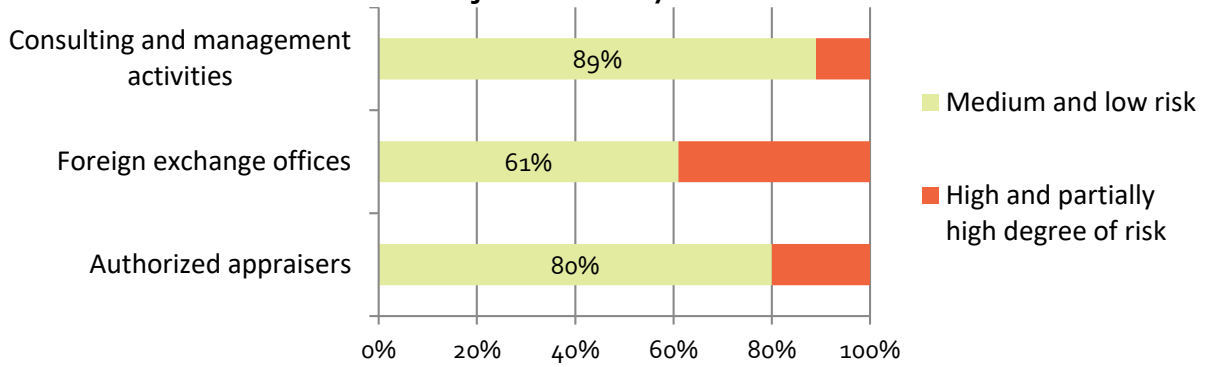
The supervisory activity is carried out through an operational system specific to the risk-based approach, which involves the application of analytical processes for assessing risk indicators, thus establishing the level of exposure to ML/TF risk of the reporting entities supervised by the Office, by in terms of the level of compliance with legal obligations in the field. The determination of the frequency and intensity of the surveillance activity is made on the basis of risk, based on the results of SNRA (The SupraNational Risk Assessment report).

In 2021, 1,851 reporting entities were monitored off-site, from the Municipality of Bucharest and all the counties of the country, thus:

The main object of activity	No. of entities
AUTHORIZED EVALUATORS (B + all counties)	567
Currency exchange offices (B, PH, AG)	104
Consulting and management activities (BR, BZ, CL, DB, GR, IL, TL)	1.180
TOTAL:	1.851

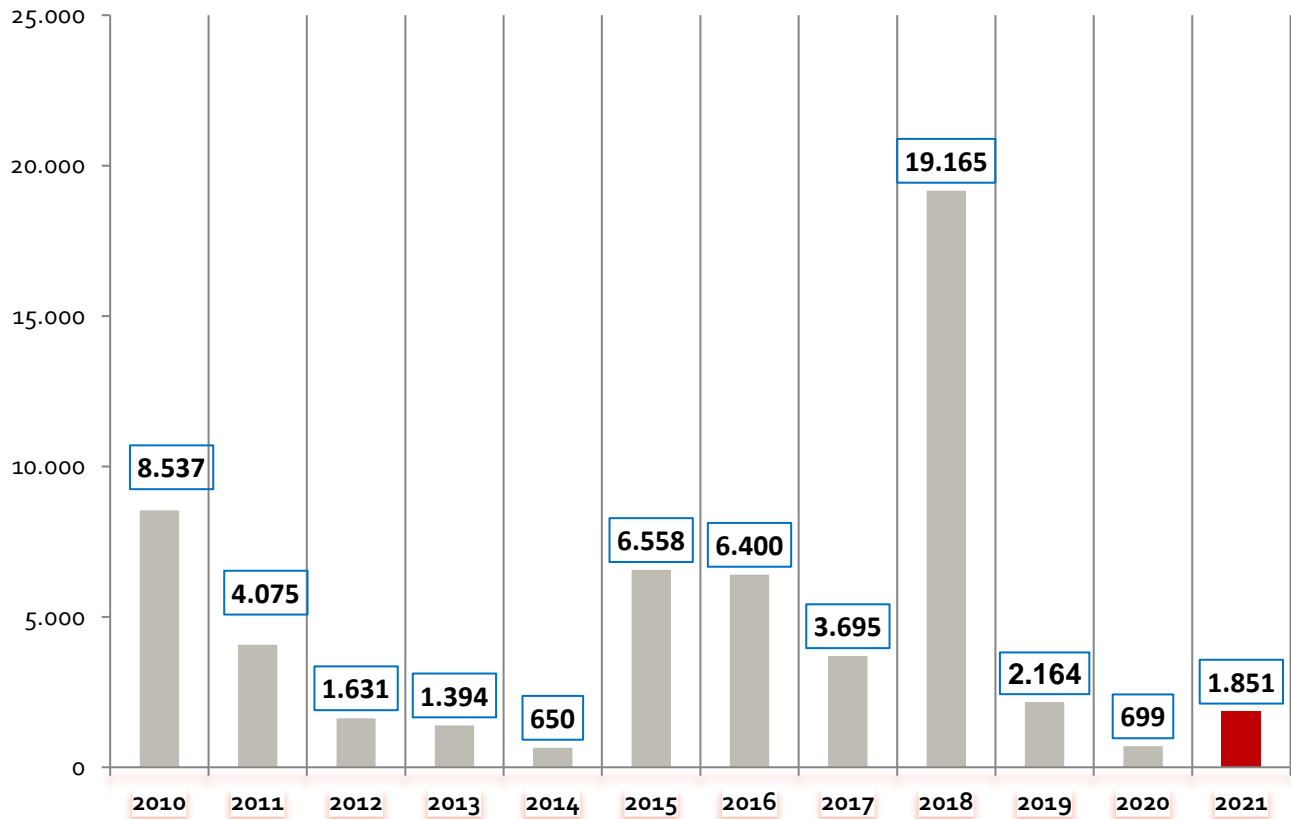
Following the assessment, in the analytical process, of the degree of exposure to the risk of money laundering and terrorist financing, on the basis of existing data and information at the level of NOPCML, the following results were obtained on the basis of which verification actions were initiated and control for high-risk entities:

Structure of supervised entities in relation to the degree of risk exposure related to each object of activity assessed



Comparative analysis on the surveillance activity performed in previous years compared to 2021:

Number of entities monitored off site - evolution



**EVOLUTION OF THE FIELD OF ACTIVITY AIMED AT PERFORMING OFF SITE
SURVEILLANCE**

2010	TOTAL: 8.537
<ul style="list-style-type: none">•Business and management consultancy (B) - 7,815•Renting and subletting of own or leased real estate (B) - 722	
2011	TOTAL: 4.075
<ul style="list-style-type: none">•Service suppliers (B) - 3.363•Real estate agents (B) - 712	
2012	TOTAL: 1.631
<ul style="list-style-type: none">•NBFIs (B) - 880•Currency exchange offices (B) - 289•Service providers (B) - 242•Trade in metals and precious stones (B) - 220	
2013	TOTAL: 1.394
<ul style="list-style-type: none">•Wholesale of unprocessed grain, seeds, feed and tobacco (B) -292•Wholesale of meat and meat products (B) - 403•Wholesale of pharmaceutical goods (B) - 699	
2014	TOTAL: 650
<ul style="list-style-type: none">•Providers of authorized ANCOM (B) - 416•communications networks and services•Collection of non-hazardous waste (B) - 191•Audiovisual licensing companies CNA (B) - 43	
2015	TOTAL: 6.558
<ul style="list-style-type: none">•Gambling and betting activities (B) - 824•Currency exchange offices (B) - 324•Associations and foundations (B) - 461•Liberal legal professions - notaries and lawyers (B) - 4.949	

Activity report 2021 - NOPCML

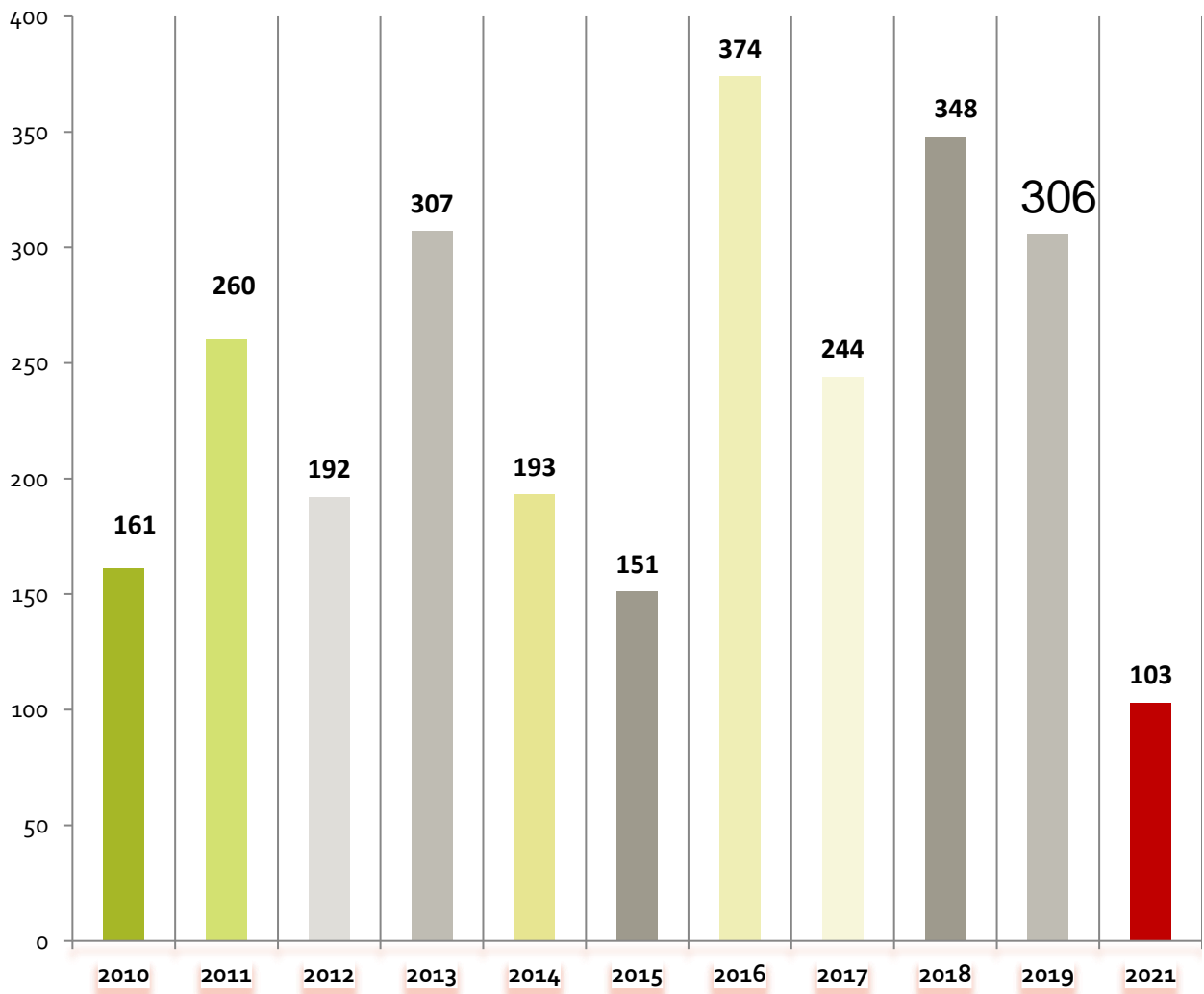
2016	TOTAL: 6.400
<ul style="list-style-type: none"> •NBFIs - Reg. of Evidence of the NBR (B) - 516 Postal service providers (B) - 86 Accounting, auditing and tax consultancy (B) - 1,749 Real estate agencies (B) - 2,693 Market research and public opinion polling (B) - 484 Water, air and auxiliary transport services (B) - 872 	
2017	TOTAL: 3.695
<ul style="list-style-type: none"> •NBFIs - Reg. Gender (B, BV, IS, SB) and Evidence of the NBR (BV, IS, SB) - 578 Currency exchange offices (B, BV, IS, SB) - 113 Real estate agencies (BV, IS, SB) - 711 NGOs - foundations (B) - 2,293 	
2018	TOTAL: 19.165
<ul style="list-style-type: none"> •NBFIs from the NBR Evidence Register - pawnshops, C.A.R. (CT, TM, DJ) - 621 Currency exchange offices (CT, TM, DJ) - 53 Real estate agencies (B, CT, TM, DJ) - 3,744 Accounting, audit, tax consulting (B, CT, BV, IS, TM, DJ) - 4,228 NGOs - foundations (CT, BV, IS, TM, DJ) - 1,535 NGOs - associations (B, BV) - 8,979 Casinos (B) - 5 	
2019	TOTAL: 2.164
<ul style="list-style-type: none"> •NBFIs from the NBR Registry - pawnshops, C.A.R., entity. without patrimonial purpose (B, PH, AG, GL, OT, CJ, SV, IF) - 1,765 Currency exchange offices (B, PH, AG, GL, OT, CJ, SV, IF) - 145 Lawyers and notaries (B) - 242 Postal services - 12 	
2020	TOTAL: 699
<ul style="list-style-type: none"> •NBFIs from the NBR Registry - Pawnshops (B) - 508 NBFIs from the General Register of the NBR (B) - 54 NBFIs from the General Register of the NBR - Mutual Aid Houses (B) - 137 	
2021	TOTAL 1.851
<ul style="list-style-type: none"> •Authorized evaluators (B and all counties) - 567 Currency exchange offices (B, PH, AG) - 104 Consulting and management activities • (BR, BZ, CL, DB, GR, IL, TL) - 1.180 	

CONTROL ACTIVITY

During 2021, the control activity was carried out both at the Office (off site control) and at the headquarters of the reporting entities (partial on site control - the transmission of documents was done by means of distance communication and their analysis was performed both at the Office and and at the headquarters of the reporting entities).

In 2021, **103 verification and control actions were performed.**

Number of supervised entities on site (controls) - evolution

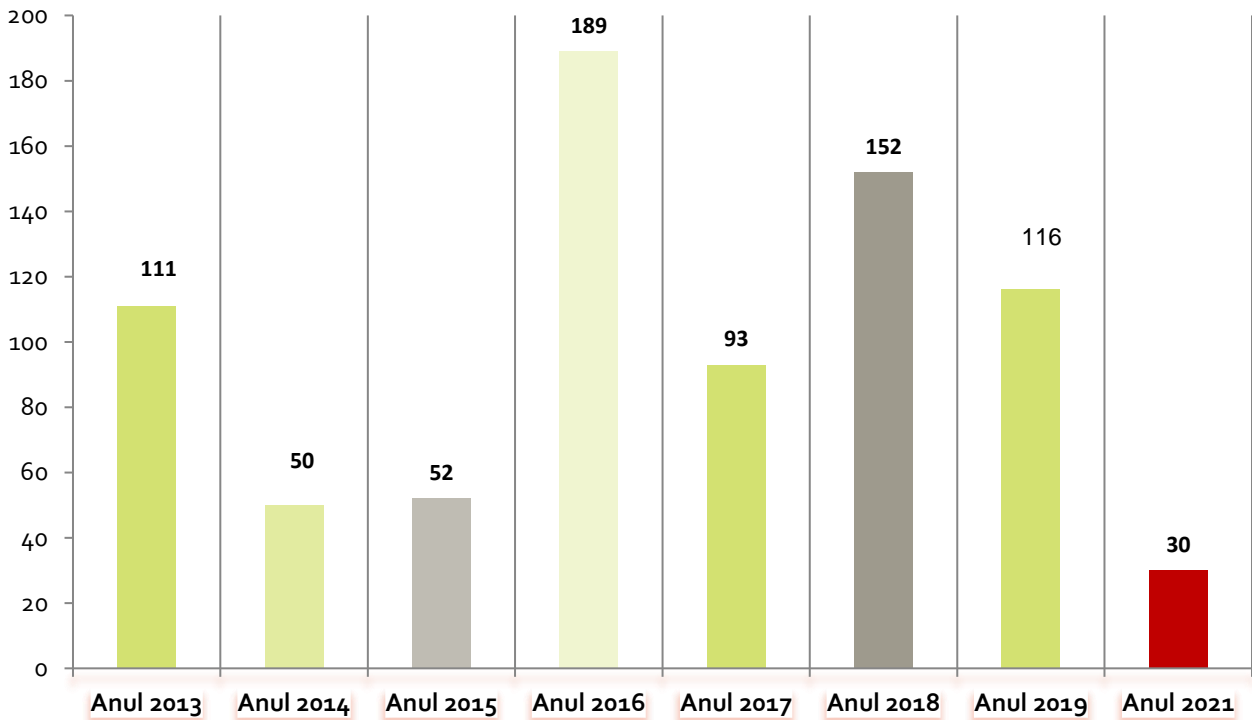


Of the **103 entities** controlled by the NOPCML, **30 entities** were sanctioned for non-compliance with the provisions of **Law no. 129/2019** and **GD no. 603/2008**, thus:

No. of controlled entities - TOTAL:	103
No. of sanctioned entities	30
No. of sanctions applied, of which:	57
Number of FINES	21
Number of warnings	36
Amount of fines:	505,000 lei

COMPARATIVE ANALYSIS REGARDING THE RESULTS OF PREVIOUS YEARS AND THE RESULTS OF 2021

EVOLUTION OF THE NUMBER OF SANCTIONED ENTITIES



FIELD OF ACTIVITY OF CONTROLLED ENTITIES, NUMBER OF SANCTIONED ENTITIES, SANCTIONS APPLIED AND VIOLATED LEGAL PROVISIONS

9 sanctioned entities PAWN HOUSES - 56 controlled

- **7 fines** amounting to **110.000 lei** - for failure to comply with the Law 129 and GD 603
- **10 warnings** - for failure to comply with the Law 129 and GD 603

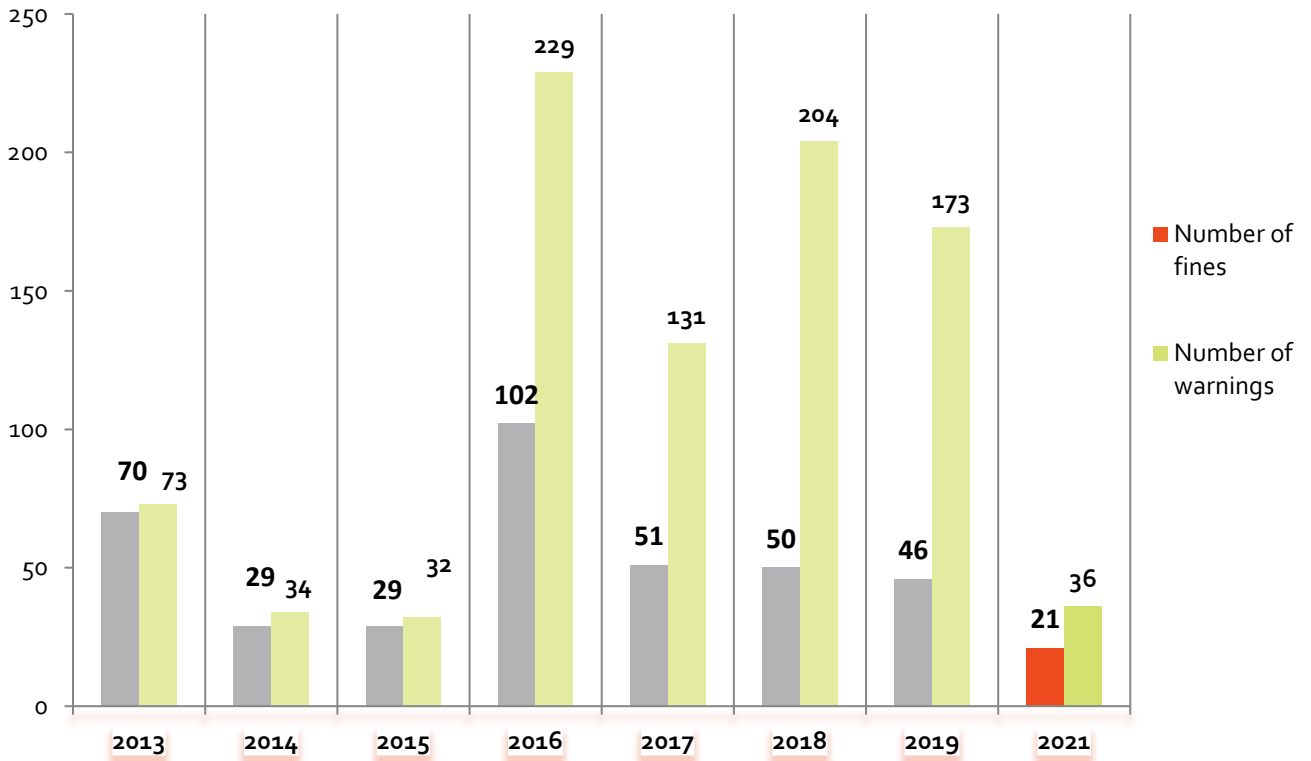
15 sanctioned entities Currency exchange offices - 20 controlled

- **10 fines** amounting to **315.000 lei** - for failure to comply with the Law 129
- **18 warnings** - for failure to comply with the Law 129 and GD 603

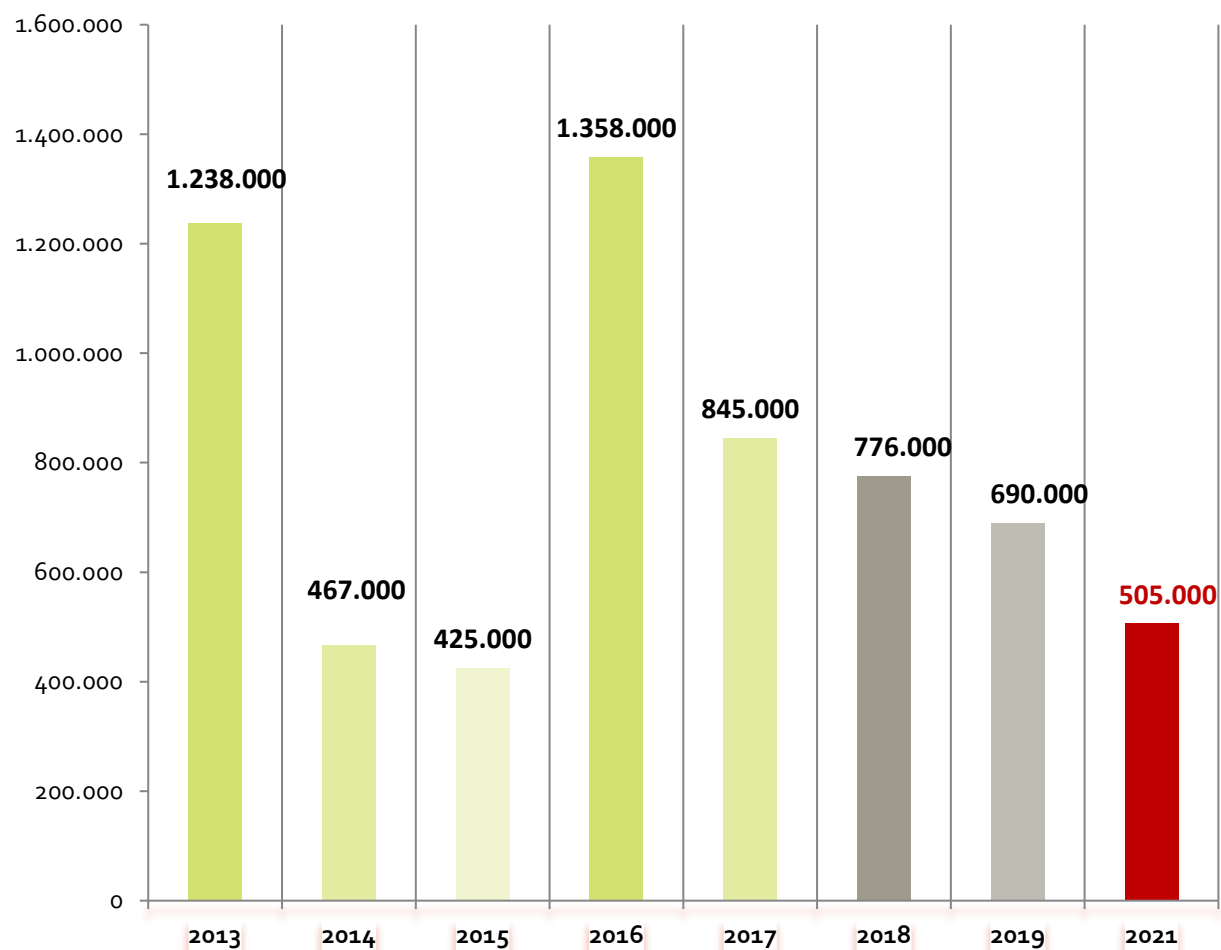
6 sanctioned entities NBFIs from the General Register of the NBR - 27 controlled

- **4 fines** amounting to **80.000 lei** - for failure to comply with the Law 129 and GD 603
- **8 warnings** - for failure to comply with the Law 129

EVOLUTION OF THE NUMBER OF SANCTIONS APPLIED



EVOLUTION OF THE AMOUNT OF FINES APPLIED (LEI)



The main fields of activity targeted in the on-site surveillance activity carried out by NOPCML in 2021, were:

Target field of activity/county	No. of controlled entities
Pawnshops/Bucharest	56
Foreignexchange offices/Bihor and Timiș	20
NBFIs from the General Register of the NBR	27
TOTAL:	103

IMPORTANCE OF THE CONTROL ACTIVITY OF THE REPORTING ENTITIES

Verification and control actions follow:

- **verifying the observance of the main and secondary legislation in the field of preventing and combating ML/TF** by the reporting entities (observing the law) resulting in an increased awareness of reporting entities with respect to the risk of money laundering and terrorist financing as well as to how international sanctions are applied;
- **training the representatives/employees of the controlled entities** with respect to applying the terms and conditions of main and secondary laws with respect to prevention and control of ML/TF as well as how to interpret these terms and conditions;
- **identification, as appropriate, of suspicious money laundering operations/circuits/activities** performed by/through controlled entities;
- **increasing the quality of suspicious transaction reports** by understanding how to apply measures to know, accept and monitor customers, real beneficiaries, as well as risk assessment;
- **increasing the number/quality of reports of cash transactions and external transfers** through knowledge and understanding of the application of legal provisions in the field of prevention and control of money laundering and terrorist financing;
- **creating the premises for holding working meetings** with the representatives of the management structures of the various liberal professions, concluding new protocols with them, as well as updating/improving the existing ones;
- **creating a culture of compliance and raising the awareness** of reporting entities on the importance of complying with legal provisions in the field of prevention and control of money laundering and terrorist financing, as well as the application of international sanctions;
- **application of contraventional sanctions** as coercive measures taken as a result of ignorance/non-application of the legal provisions in the field, which immediately result in knowledge of the legal provisions in the field, as well as compliance with the law

PRIORITY OBJECTIVES FOR 2022

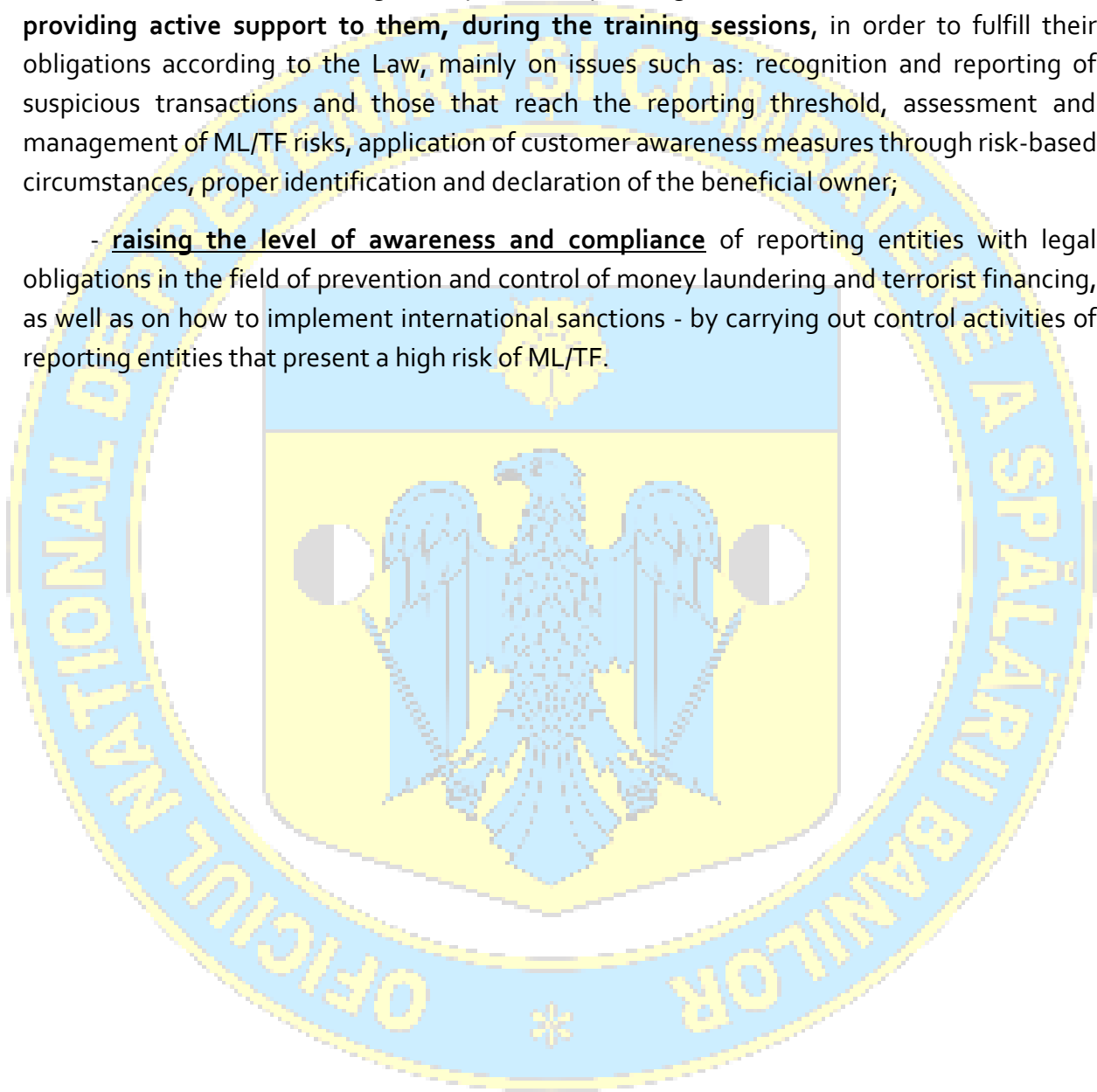
The priority objectives for 2022 in terms of the supervisory, control and training activities of reporting entities are mainly aimed at:

- **risk-based supervision of reporting entities**, in order to reduce their risk of non-compliance with legislation to prevent and combat money laundering/terrorist financing/international sanctions regime;
- **increase the level of knowledge and correct interpretation** of legal obligations in the field of prevention and control of money laundering and terrorist financing, as well as on how

to implement international sanctions, legal obligations incumbent on reporting entities - **by carrying out training activities** reporting entities carried out both in the control actions and in the training sessions organized by the Office;

- **identifying the vulnerabilities and ambiguities that the reporting entities face** in the concrete fulfillment of the obligations provided by the legislation in the field of reference and **providing active support to them, during the training sessions**, in order to fulfill their obligations according to the Law, mainly on issues such as: recognition and reporting of suspicious transactions and those that reach the reporting threshold, assessment and management of ML/TF risks, application of customer awareness measures through risk-based circumstances, proper identification and declaration of the beneficial owner;

- **raising the level of awareness and compliance** of reporting entities with legal obligations in the field of prevention and control of money laundering and terrorist financing, as well as on how to implement international sanctions - by carrying out control activities of reporting entities that present a high risk of ML/TF.



3. OPERATIONAL SUPPORT

LEGAL

Considering the fact that, on July 18, 2019, the Official Gazette of Romania, Part I, published Law no. 129/2019 on the prevention and control of money laundering and terrorist financing, as well as amending and supplementing legislation, transposing Directive (EU) 2015/849 of the European Parliament and of the Council on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing, amending Regulation (EU) no. Regulation (EC) No 648/2012 of the European Parliament and of the Council and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, published in the Official Journal of the European Union on 05 June 2015, **the Legal Service** was involved in the process of elaboration/approval and implementation of the legislative procedures for the entry into force of the following draft normative acts, presented in chronological order.:

- a. Order of the President of NOPCML no. 208/2020 for the approval of the model and content of the standardized form Minutes of finding and sanctioning the contraventions, of the control card, as well as of their printing characteristics, published in the Official Gazette of Romania no. 57 of January 19, 2021;
- b. Order of the President of NOPCML no. 37/2021 regarding the approval of the Norms for the application of the provisions of Law no. 129/2019 for prevention and control of money laundering and terrorist financing, as well as for amending and supplementing some normative acts, for the reporting entities supervised and controlled by the National Office for the Prevention and Control of Money Laundering, published in the Official Gazette of Romania no. 240 of March 9, 2021;
- c. Order of the President of NOPCML no. 47/2021 for the approval of the Regulation on the registration of the reporting entity in the records of the National Office for the Prevention and Control of Money Laundering, published in the Official Gazette of Romania no. 270 of March 18, 2021;
- d. Order of the President of NOPCML no. 79/2021 for the approval of the Regulation on the transmission of information to the National Office for the Prevention and Control of Money Laundering, published in the Official Gazette of Romania no. 411 of April 20, 2021;
- e. Law no. 102/2021 regarding the completion of art. 49 of Law no. 129/2019 for the prevention and control of money laundering and terrorist financing, as well as for amending and supplementing some normative acts, published in the Official Gazette of Romania no. 446 of April 27, 2021;
- f. Law no. 101/2021 for the approval of the Government Emergency Ordinance no. 111/2020 regarding the amendment and completion of Law no. 129/2019 for the

prevention and control of money laundering and terrorist financing, as well as for amending and supplementing some normative acts, for completing art. 218 of the Government Emergency Ordinance no. 99/2006 on credit institutions and capital adequacy, for the amendment and completion of Law no. 207/2015 on the Fiscal Procedure Code, as well as for completing art. 12 para. (5) of Law no. 237/2015 on the authorization and supervision of the insurance and reinsurance activity, published in the Official Gazette of Romania no. 446 of April 27, 2021;

- g. Order of the President of NOPCML no. 14/2021 for the approval of the form and content of the reports provided in art. 6 and 7 of Law no. 129/2019 for the prevention and control of money laundering and terrorist financing, as well as for amending and supplementing some normative acts and the methodology of their transmission, published in the Official Gazette of Romania no. 271 of March 18, 2021;
- h. Government Decision no. 491/2021 for the approval of the Regulation on the organization and functioning of the National Office for the Prevention and Control of Money Laundering, published in the Official Gazette of Romania no. 451 of April 27, 2021;
- i. Emergency Ordinance no. 43/2021 for the extension of the term for submitting the annual declaration regarding the real beneficiary of the legal person, provided in art. 56 para. (4) of Law no. 129/2019 for the prevention and control of money laundering and terrorist financing, as well as for amending and supplementing some normative acts, published in the Official Gazette of Romania no. 561 of 31 May 2021;

At the same time, the representatives of the Legal Service have attended:

- the meetings of the Inter-institutional Council for the implementation of international sanctions, organized on the basis of the GEO no. 202/2008, at the level of the Ministry of Foreign Affairs;
- the meetings of the Commission for monitoring, coordination and methodological guidance of the development of the managerial control system of the National Office for the Prevention and Control of Money Laundering.

1. Providing specialized legal assistance in the Office's relations with third parties, by issuing views on a document.

Providing specialized advice to persons provided by the provisions of art. 5 of Law no. 129/2019, with subsequent amendments and completions to other authorities and institutions, with reference to the application of legal provisions in the field of prevention and control of money laundering and terrorist financing.

The activity of providing specialized legal assistance in the Office's relations with third parties, namely of providing specialized consultancy materialized in the elaboration of a number

of 120 points of view and answers to the requests of the reporting entities regarding the application of legal provisions in the field of prevention and control of money laundering and terrorist financing (excluding telephone answers).

At the same time, the Legal Service solved a number of:

- 100 - requests from state institutions;
- 45 - requests from the National Bank of Romania;
- 109 - reports and internal notes drawn up.

2. Providing specialized legal assistance in the Office's relations with third parties, in procedural matters.

The Legal Service ensured the representation of the Office before the competent authorities, through the designated persons who drafted the procedural documents necessary for the settlement of 14 cases pending before the courts. Also, the Legal Service has taken the necessary measures to ensure the enforcement, according to the law, of the final court decisions, as well as of the decisions of the first instance which are legally enforceable, according to the law.

3. Legal approval activity

During 01.01.2021-26.05.2021, the activity of approving for legality the administrative acts of the President of the Office and of the civil and commercial contracts by which the patrimonial responsibility of the Office is engaged materialized in approving a number of 135 orders of the President, supporting notes, as well as contracts or other documents issued by the specialized structures within the Office.

Starting with 27.05.2021, with the entry into force of the Regulation on the organization and functioning of the National Office for the Prevention and Control of Money Laundering, approved by H.G. no. 491/2021, the Legal, Methodology and Relations with the Parliament Directorate was established, having under its subordination three structures: the Litigation and Litigation Service, the Legislation, Approval and Methodology Department and the Petitions Resolution Department.

The main activities carried out within the Legal, Methodology and Relations with the Parliament Directorate, during 27.05.2021-31.12.2021, consisted of:

1. Analyzing and approving for legality the draft normative acts initiated by the Office, through the Ministry of Finance and carrying out the legislative procedures necessary for their entry into force, including by supporting these projects before the public authorities and in the specialized committees of the Parliament.

Between September and December 2021, the draft law on amending Law no. 129/2019 for the prevention and control of money laundering and terrorist financing, as well as for amending and supplementing some normative acts, elaborated for the purpose of transposing

art. 3 of Directive (EU) 2019/2177, was in parliamentary procedure. It was adopted by the Senate and the Chamber of Deputies and became Law no. 315/2021 regarding the amendment and completion of Law no. 129/2019 for the prevention and control of money laundering and terrorist financing, as well as for amending and supplementing some normative acts.

2. *Analyzing and issuing points of view and/or endorsing* the following draft normative acts initiated by other public institutions or authorities:

- The draft Government Decision on the approval of the National Strategy against organized crime 2021 - 2024 - finalized by the entry into force of the Government Decision no. 930/2021;

- The Draft Government Decision for the amendment and completion of the Regulation for the application of the Romanian Customs Code, approved by the Government Decision no. 707/2006 - finalized by the entry into force of the Government Decision no. 1,184/2021;

- The draft Government Decision on approving the methodology for elaboration, implementation, monitoring, evaluation and updating of government strategies - finalized by the entry into force of Government Decision no. 379/2022;

- The draft Government Decision on the approval of the National Anticorruption Strategy 2021 - 2025 and its related documents - finalized by the entry into force of Government Decision no. 1,269/2021;

- The draft Government Ordinance on establishing measures to facilitate the use of financial and other information in order to prevent, detect, investigate or prosecute certain crimes - completed by the entry into force of Government Ordinance no. 9/2021, approved with amendments by Law no. 169/2022;

- Draft Government Decision for the approval of the National Strategy on the recovery of debt claims for the period 2021 - 2025 "Crime is not profitable!" and the Action Plan for the implementation of the National Strategy on the recovery of debt claims for the period 2021 - 2025 "Crime is not profitable!" - finalized by the entry into force of the Government Decision no. 917/2021;

- The Draft Instructions on prevention and control of money laundering and terrorist financing in the field of gambling in Romania - finalized by the entry into force of the Order of the President of the National Office for Gambling no. 370/2021;

- Draft Government Emergency Ordinance for amending and supplementing the Government Emergency Ordinance no. 57/2019 on the Administrative Code - finalized by the entry into force of the Emergency Ordinance no. 138/2021, approved with amendments and completions by Law no. 156/2022;

- The draft Government Decision for approving the procedure for authorizing foreign exchange offices and entities that manage tourist reception structures with tourist accommodation functions, as well as the procedure for registering foreign exchange points.

- Legislative proposal on the trade register and the register of non-profit legal entities - in parliamentary procedure;

- Draft Law on the trade register and for the modification and completion of other normative acts with incidence on the registration in the trade register - under parliamentary procedure.

3. *Analyzing and approving, in terms of legality*, a number of 359 orders issued by the President of the Office, as well as other acts through which the patrimonial responsibility of the institution is engaged.

4. *Analysis and elaboration of the answers to the questionnaires:*

- Questionnaire sent by the Secretariat of the Conference of the States Parties to the Council of Europe Convention of 16 May 2005 on Laundering, Detection, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism;

- The questionnaire sent by MSC Working Group regarding the suspension of transactions and blocking of funds;

- The questionnaire regarding the regulation of virtual asset service providers.

5. *Formulation of answers to a number of:*

- **308** notifications/petitions sent by the reporting entities provided in art. 5 of Law no. 129/2019, with subsequent amendments and completions, regarding the application of legal provisions;

- **72** requests of the National Bank of Romania, sent according to the provisions of the GEO no. 99/2006 regarding the credit institutions and the capital adequacy, with the subsequent modifications and completions, corroborated with the provisions of Law no. 209/2019 on payment services and for amending some normative acts and Law no. 210/2019 on the activity of issuing electronic money;

- **4** interpellations of the parliamentarians, with the consultation of the specialized directions within the Office.

The Legal, Methodology and Relations with Parliament Directorate participated through the representative appointed at:

- the meetings of the Inter-institutional Council for the implementation of international sanctions, organized on the basis of the GEO 202/2008, at the level of the Ministry of Foreign Affairs:

- the elaboration of the answers for the preparation of the questionnaires for the preparation of the 5th Round of evaluation of Moneyval in the field of prevention and control of money laundering and terrorist financing.

INFORMATION TECHNOLOGY, DATABASES AND STATISTICS - COMPUTER SYSTEM

DITDS ensured the proper functioning of the entire hardware-software infrastructure operated at the level of the NOPCML and which supports the activities of the Office - its own systems and interfaces with external systems - and carried out related operations such as:

- administration of the case management system;
- retrieving suspicious transaction reports and related messages;
- managing databases on cash transactions, external transfers and remittances;
- ensuring the exchange of information with the POHCCJ and with the other beneficiaries of the analysis products;
- administration and operation of the national nodes FIU.net and EGMONT for the exchange of information with European and international partners;
- ensuring the access of the Office's analysts to the external data sources necessary in the exercise of their attributions;
- generating reports on the use of systems;
- introduction of new reporting entities in the platform;
- administering and providing support for all users.

Also last year NOPCML launched a public procurement procedure (open tender) completed with the conclusion of the contract for the implementation of the Integrated Information System for Information Analysis. The system is due to go into production at the end of 2022. The main attributes of the new system include:

- complete solution for managing data retrieval processes (reports, information and requests) - processing - analysis - dissemination - statistics - archiving;
- capabilities to take over the data transmitted by the IT systems of the reporting entities efficiently, securely and constantly through web services and API (Application Programming Interface) with data translation functionalities, firewall and access control functions;
- capabilities to automatically record in electronic format all reports submitted by reporting entities in special electronic registers;
- implementation of electronic distribution / endorsement / signing flows so as to eliminate the circulation of documents in letter format in the organization;

Activity report 2021 - NOPCML

- Extract-Transform-Load (ETL) capabilities to ensure the extraction, processing, validation and loading of data in a data warehouse;
- capabilities to connect to databases or national registers owned by public institutions in Romania through web services and API (Application Programming Interface) with data translation functionalities, firewall and access control functions;
- search capabilities in data sources that do not have API interfaces or other standard connectors;
- search capabilities in social networks;
- capabilities to monitor transactions reported by law enforcement entities, in order to identify suspicions of money laundering and terrorist financing, in accordance with the defined detection scenarios;
- generating a single alert based on the aggregation of results for a natural / legal entity by combining detection scenarios. Thus, an overview of the natural / legal person will be provided, by aggregating scenarios and risk factors, thus allowing analysts to make decisions based on the identified risk;
- allows analysts to conduct targeted searches in connection with money laundering / terrorist financing;
- has fuzzy search algorithms to allow analysts to identify in a navigation interface all potential matches (including transliterations, spelling errors, typing errors and phonetic transcripts) or to configure detection scenarios for monitoring data;
- capabilities to fully index the text in documents attached to suspicious transactions;
- capabilities for graphical representation of network diagrams to ensure the display of entities and financial flows, including with geospatial information (superimposed on a map);
- the elimination of manual operations necessary for the processing of reports taken daily from reporting entities and their entry in the Office's databases;
- electronic management of control and supervision processes.

For the year 2022, together with the successful completion of the implementation of the new integrated information system, DITDS aims to:

- elaboration of new typologies, including with crypto components;
- development of advanced statistical and strategic analyzes, highlighting specific trends;
- updating the Office's website.

DOCUMENT HANDLING

The Secretariate, Registry, Archive Department (SRAD) is a structure established in 2021, in the composition of which is and operates the Classified Information Protection Department (CIPD), according to the Regulation on the organization and functioning of NOPCML, approved by GD no. 491/2021.

In 2021, the system procedure "*Protection and circuit of unclassified information within the National Office for the Prevention and Control of Money Laundering*" was elaborated, meant to ensure the fluency and efficiency in the circuit of documents managed at the Office level.

Registry:

- managed the general register of entries / exits for the record of non-secret documents, received / transmitted by the Office, being registered a number of 7185 non-secret documents;
- received and registered in the general register of entries / exits for the record of confidential documents a number of 16446 reports of suspicious transactions (STRs), notifications, requests for information;
- received and registered a number of 3863 documents in the register of general confidential information;
- ensured the receipt and dispatch of the Office's correspondence with citizens and public and private authorities / institutions. Approximately 2,700 documents were sent by military mail, accompanied by 342 receipts. For the correspondence sent by civil mail, 39 receipts were drawn up);
- responded to requests for multiplication of documents.

The Secretariate managed the general registers of internal records of non-secret documents and confidential documents, registering a number of 5580 internal non-secret documents, 1678 internal confidential documents and a number of 410 internal confidential documents for the IAPD (Information Analysis and Processing Directorate)

Archive:

- received, verified and sealed documents, representing 75 archive boxes;
- took into custody 1978 archival boxes which were deposited in the space intended for safe storage and storage, from the specially arranged headquarters in Calea Victoriei.

PROTECTION OF CLASSIFIED INFORMATION

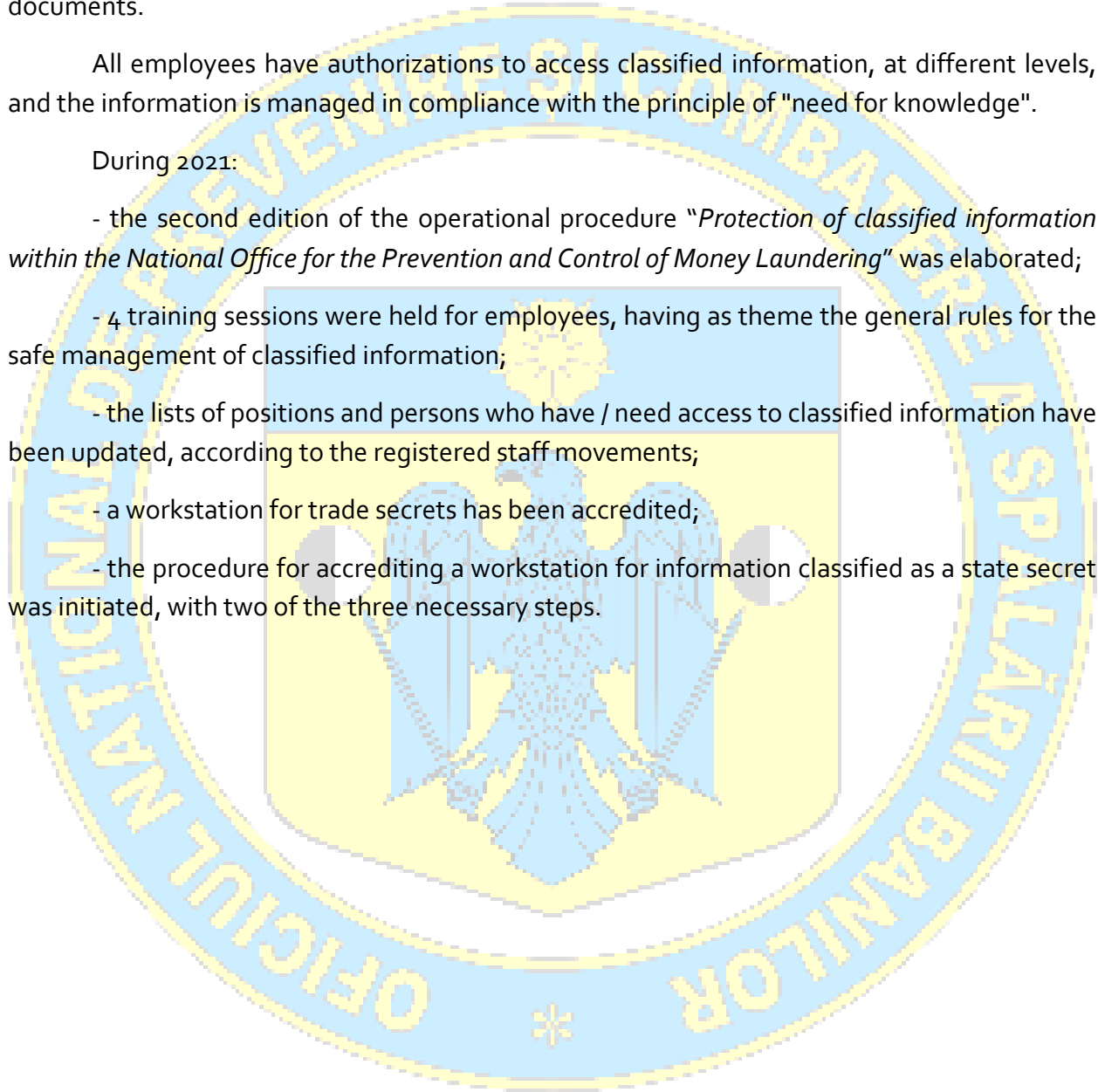
The Classified Information Protection Department ensured the record, preservation, integrity and security of state classified documents, managed within the Office.

In 2021, 241 documents were registered in the register of "secret" and "top secret" documents.

All employees have authorizations to access classified information, at different levels, and the information is managed in compliance with the principle of "need for knowledge".

During 2021:

- the second edition of the operational procedure "*Protection of classified information within the National Office for the Prevention and Control of Money Laundering*" was elaborated;
- 4 training sessions were held for employees, having as theme the general rules for the safe management of classified information;
- the lists of positions and persons who have / need access to classified information have been updated, according to the registered staff movements;
- a workstation for trade secrets has been accredited;
- the procedure for accrediting a workstation for information classified as a state secret was initiated, with two of the three necessary steps.



4. EUROPEAN AND INTERNATIONAL CONTEXT

The European and international context of 2021, relevant to the Office's work, was marked by events of the utmost importance for the entire national system of prevention and control of money laundering and terrorist financing.

Thus, the year 2021 began with the initiation by the European Commission of a litigation infringement procedure against Romania for the incorrect transposition of the provisions of the Fifth AML Directive - Case 2020/2358.

In these circumstances, the institutional efforts were combined to remedy the non-compliant legal issues invoked by the European Commission, meaning that the Office supported before the national decision-making forum, the Romanian Parliament, and participated in the work of specialized parliamentary committees to ensure the adoption of legal provisions ensuring compliance of the national legal framework with the European one.

History - FILE 2020/2358

- **July 6, 2020** Law no. 108/2020 regarding the amendment and completion of Law no. 129/2019 is published in the Official Gazette of Romania no. 588.

- **August 11, 2020, the Romanian Senate adopts the Law for the rejection of GEO 111/2020.**

- **04.09.2020** MFA (Ministry of Foreign Affairs) sent the informal message 4025 / 04.09.2020 by which NOPCML was informed about the concerns of the European Commission, resulting from the verification of the transposition of Directive (EU) 2018/843.

At that time, Law no. 108/2020 regarding the amendment and completion of Law no. 129/2019 had not been notified, the Romanian authorities considering that Law no. 108/2020 is an act of internal regulation of the registration mechanism of real beneficiaries.

- **18.02.2021, the European Commission issued the letter of delay which results in the delay in Case 2020/2358 - infringement procedure** having as object the incorrect transposition of Directive (EU) 2018/843.

Conclusion of the letter - The Commission considers that by adopting Law no. 108/2020, Romania violated the provisions of art. 1 point 15 of the 5th Directive amending art. 30 of the 4th Directive, "imposing an unacceptable reversal of the burden of providing information on beneficial owners to national registers and preventing the national registry from collecting data on beneficial owners".

- **18.04.2021** - the deadline set by the Commission by which Romania had to send the answer to **the letter of delay in Case 2020/2358**.

- **09.04.2021**, at the initiative of the Office (sent to the MFA on **01.04.2021**), Romania requested an extension of the response date justified by the fact that, at that time, the draft Law for the approval of the Emergency Ordinance no. 111/2020 regarding the amendment and completion of Law no. 129/2019.

The legislative proposals contained in this draft addressed the concerns expressed and were relevant from the perspective of Case 2020/2358 - action in finding non-compliance with the obligation to transpose Directive (EU) 2018/843.

- **19.04.2021**, the Commission approved the extension of the response period until **18.06.2021**.

- 27.04.2021 is published in the Official Gazette of Romania no. 446, **Law no. 101 for the approval of the Government Emergency Ordinance no. 111/2020 regarding the amendment and completion of Law no. 129/2019:**

a) eliminates the exemption from the obligation to declare the real beneficiary of the legal persons of private law constituted only by associates natural persons

b) reintroduces the obligation to submit the annual declaration regarding the real beneficiary within 15 days from the approval of the financial statements.

- **07.05.2021**, the Office requested the MFA to notify the national measures transposing into national law Directive (EU) 2018/843, by providing a concordance table that contained clear information on the transposition taking into account the amendments brought by Law no. 101/2021.

LAUNCHING THE NEW AML PACKET

The European Commission presented on 20 July 2021 an ambitious package of legislative proposals aimed at strengthening EU rules on control of money laundering and terrorist financing. The package also includes a proposal to set up a new EU authority, whose mission will be to combat money laundering. This package is part of the Commission's commitment to protect EU citizens and the EU financial system against money laundering and terrorist financing. Its purpose is to ensure better detection of suspicious transactions and activities, as well as to eliminate loopholes exploited by criminals in order to launder the proceeds of illicit activities or to finance terrorist activities through the financial system.

Thus, as recalled in the EU Strategy for a Security Union for 2020-2025, strengthening the EU framework on the control of money laundering and terrorist financing will also help protect European citizens against terrorism and organized crime.

The proposed measures aim to significantly strengthen the existing EU legal framework, taking into account new and emerging challenges related to technological innovation. These include virtual currencies, increasing the integration of financial flows into the single market and the global nature of terrorist organizations.

These proposals aim to create a more coherent framework so that operators subject to the rules on control of money laundering and terrorist financing (AML / CFT), especially those engaged in cross-border activities, can more easily carry out their tasks. related to the observance of AML/CFT norms.

The package contains four legislative proposals:

- a regulation establishing a new EU anti-money laundering and anti-terrorist financing authority;
- an AML / CFT regulation, which includes directly applicable rules, including in the area of customer precautionary requirements and real beneficiary requirements;
- The Sixth Anti-Money Laundering and Terrorist Financing Directive, which replaces the current Directive (EU) 2015/849 (Fourth Anti-Money Laundering Directive, as amended by the Fifth Anti-Money Laundering Directive) and which contains provisions to be transposed in national legislation, such as the rules on national supervisors and financial intelligence units in the Member States;
- revision of the 2015 Regulation on transfers of funds, intended to allow the tracking of cryptocurrency transfers (Regulation 2015/847 / EU).

From the perspective of institutional responsibilities, the Office represents the national authority that coordinates the transposition of European law into domestic law, which is why it ensured Romania's representation and integration and provided the national response expressed during the negotiations determined by the launch of the new AML Legislative Package.

Closing of the 4th Round of evaluation of Romania by the Moneyval Committee of Experts

MONEYVAL - represents the Committee of Experts for the Evaluation of Measures to Combat Money Laundering - MONEYVAL, established in 1997 within the Council of Europe.

The purpose of the Moneyval Committee is to ensure that states have effective anti-money laundering and anti-terrorist financing systems in place and that they are in line with relevant international standards in this area and are carried out through mutual evaluations.

The evaluation is based on the FATF model (FATF Standards) and covers compliance with international conventions to which its members are parties, as well as with relevant European legislation.

Based on this assessment, the regimes of countries that pose significant dangers to the global financial system can be identified. As a final step, the danger posed by these specific regimes must be verified in relation to the global financial system.

In this context, the risks associated with terrorism and organized crime also depend on the actual or potential intent - as well as the ability of offenders - to exploit the vulnerabilities of the financial system.

High-risk countries are those where the characteristics of financial regulation increase the likelihood of providing money laundering services used by terrorist and criminal organizations. Both the intent and the capacity of offenders tend to intensify in high-risk third countries, as their financial systems are more vulnerable and easier to misuse.

Romania became a member of the Moneyval Committee in 1999, following the adoption of the first normative act in the field of prevention and control of money laundering, Law no. 21/1999.

The mutual evaluation carried out by MONEYVAL represents Romania's evaluation in terms of measures adopted at national level to protect the Romanian financial-banking system against the risks of money laundering and terrorist financing, including the risks of financing the proliferation of weapons of mass destruction.

The particular importance of the Moneyval assessment lies in the fact that non-compliance with compliance criteria may lead to the award of non-compliance ratings and, consequently, to the inclusion by the FATF of Romania in the list of countries with strategic deficiencies in the anti-money laundering regime; terrorist financing, the so-called "gray" list, which has important negative economic, political and social consequences.

Also, the ratings / ratings obtained by Romania during the Moneyval evaluation have the vocation to directly influence the country rating given by international institutions such as the IMF or the World Bank, but also by rating agencies, such as Standard & Poor's etc. and impact, at all levels, the national economy, including Romania's ability to borrow at a convenient interest rate.

In 2021, Romania managed to meet the technical criteria necessary for the closure of the Fourth Round of Mutual Evaluation of the Committee of Experts for the evaluation of measures to combat money laundering and terrorist financing MONEYVAL, by adopting the new Regulation on the organization and functioning of the National Office for the Prevention and Control of Money Laundering, approved by Government Decision no. 491/2021.

The regulation adopted in 2021 has the role to ensure, unequivocally, the organizational and functional independence of the Office, a sine qua non condition for the proper functioning of a financial information unit and expression of compliance with Romania's commitments to European and international partners.

NATIONAL RISK ASSESSMENT

Presentation of the SRSP 2020 / 137.01 Project

According to art. 1 of Law no. 129/2019, as subsequently amended and supplemented, the Office is designated as the competent authority to coordinate the national assessment of the risks of money laundering and terrorist financing, to receive and consolidate statistical data on identified national risk management measures and to make public communication at national and international level on these issues.

In order to meet these requirements, in September 2019 the Office, together with the National Bank of Romania and the Financial Supervisory Authority, agreed to submit, through the General Secretariate of the Government, a request to the European Commission for funding from the Program Support for Structural Reforms 2017-2020 of the European Commission and implemented with the support of the Council of Europe, for which the project "Money Laundering and Terrorism financing Risks Compliance: Implementing a National Mechanism to Assess and Manage Money Laundering and Terrorism Financing Risks in Romania" was submitted.

The SRSP 2020 / 137.01 project brings together the initiating partner authorities of the approach - the Office, the National Bank of Romania and the Financial Supervisory Authority - but also those directly involved, at national level, in assessing the risks of money laundering and terrorist financing, namely the Prosecutor's Office in addition to the High Court of Cassation and Justice, the Ministry of Justice, the Ministry of Internal Affairs and the Romanian Intelligence Service.

The implementation of the project "Money Laundering and Terrorism Financing Risks Compliance: Implementing a National Mechanism to Assess and Manage Money Laundering and Terrorism Financing Risks in Romania" will ensure compliance with the criteria imposed by Recommendation 1 of the International Financial Action Task Force (FATF) and fulfilling

obligations legal imposed by Law no. 129/2019 for the prevention and control of money laundering and terrorist financing, as well as for amending and supplementing some normative acts, notified by Romania to the European Commission as a national norm transposing Directive (EU) 2015/849 (AMLD⁴).

The European Commission approved the financing of this project during February 2020, and on 25.02.2020 the Office informed all institutional partners involved in the project on the stage of final approval and on the intention to initiate a Memorandum to formally reaffirm the commitment of the authorities. involved in supporting, according to their competences and with all the necessary resources, the realization of the National Risk Assessment of Romania in the field of money laundering and terrorist financing.

The fundamental objective of the project is for the Romanian authorities to realistically identify the risks and to take the necessary measures to reduce them, by allocating efficient financial, technical and human resources. To this end, within the Project, essential documents will be developed, namely the National Risk Assessment and an identified Risk Management Plan that will be the national response to these threats.

Thus, Romania will be able to be aware of the risks of money laundering and terrorist financing (threats and vulnerabilities) and will be able to improve its regime of prevention and control of money laundering and terrorist financing by:

- Assessing the risks of money laundering and terrorist financing;
- Evaluating the effectiveness of risk mitigation strategies;
- Prioritization of risk mitigation activities;
- Making justified decisions on limiting the coverage of low-risk sectors and products in terms of prevention and control of money laundering and terrorist financing;
- Reallocation of resources to address areas identified as a priority.

Further details on this international project can be found on the Council of Europe website at <https://www.coe.int/en/web/corruption/projects/srsp/romania>

Relevant stages carried out in 2020 - 2021

➤ On 15 July 2020¹ the first meeting of the Steering Committee took place, which marked the actual start of the project "Money Laundering and Terrorism financing Risks Compliance: Implementing a National Mechanism to Asses and Manage Money Laundering and Terrorism

¹ Further details on this mission are also available on the Council of Europe website at <https://www.coe.int/en/web/corruption/-/project-supporting-in-depth-analysis-of-romania-s-aml-cft-risks-launched>

Financing Risks in Romania”.

➤ In October 2020, the experts of the Council of Europe made available to the Romanian authorities involved the Working Methodology for the implementation of the project. This Methodology leverages a number of internationally recognized standards and recommendations, such as the FATF Recommendation entitled "National Risk Assessment of Money Laundering and Terrorist Financing" (called the FATF Recommendation on NRAs) and the ISO 31000: 2009 standards "Risk Management - Principles and recommendations", ISO 31010: 2009 'Risk management - risk assessment techniques' (hereinafter referred to as ISO 31000: 31010).

➤ In December 2020, the Analysis and Coordination Team (Technical Working Group) was established, whose main tasks are to collect, integrate and analyze the information necessary for the preparation of the National Risk Assessment Report and to conduct research from national and international sources necessary for the project, which includes technical expertise appointed by the authorities represented in the Steering Committee.

➤ On 15.07.2021², the second meeting of the Steering Committee took place in the presence of the designated representatives of the national authorities and of the Commission and the Council of Europe, on which occasion all the partners agreed that, by the end of September 2021, it should be completed. the first Draft of the National Risk Assessment.

➤ At the same time, as project coordinator, the Office presented to the Romanian Government, in the meeting of 19.08.2021, an Information regarding the implementation of the project "*Money Laundering and Terrorism Financing Risks Compliance: Implementing a National Mechanism to Assess and Manage Money Laundering and Terrorism Financing Risks in Romania* ", a project funded by the European Commission within the Support Program for Structural Reforms 2017-2020, which aims to assess the Risks of Money Laundering and Terrorist Financing at national level in accordance with the provisions of art. 1 para. (1) - (8) of Law no. 129/2019 for prevention and control of money laundering and terrorist financing, as well as for amending and supplementing normative acts, with subsequent amendments and completions - available at:

<https://sgg.gov.ro/1/wp-content/uploads/2021/08/INFO-1.pdf>.

➤ On 20-21 October 2021³, a delegation of the Council of Europe experts paid a working visit to Romania as part of the **SRSP 2020/137.01 project** "*National Risk Assessment in Money Laundering and Terrorist Financing*", funded by the European Commission through the Structural Reform Support Program. During the visit, Council of Europe experts present in Bucharest, together with European Commission experts that joined them online had meetings with

² Further details on this mission are also available on the Council of Europe website at <https://www.coe.int/en/web/corruption/-/annual-steering-committee-meeting-of-the-srsp-initiative-for-romania>

³ Further details on this mission are also available on the Council of Europe website at <https://www.coe.int/en/web/corruption/-/supporting-romanian-authorities-with-advancing-the-aml-cft-national-risk-assessment-process>

representatives of national institutions involved in the national system for prevention and control of money laundering and terrorist financing and who are part of the project "*National Risk Assessment in the field of money laundering and terrorist financing*". The second day of the event was dedicated to the adoption of the final form of the document "Assessment of vulnerabilities of legal entities in Romania from the perspective of ML/TF", as well as the discussion of the stage of the *Project "National Risk Assessment in Money Laundering and Terrorist Financing"* within an *Ad-Hoc Steering Committee Meeting*.

The event brought together, during the Third Meeting of the Steering Committee, together with European experts, all representatives of the competent institutions (NOPCML, the Prosecutor's Office attached to the High Court of Cassation and Justice, the Ministry of Internal Affairs, the National Bank of Romania and the Financial Supervision Authority, Ministry of Justice, Romanian Intelligence Service).

According to those established during this meeting, on October 29, 2021, the Romanian authorities submitted, for the analysis of the experts of the Council of Europe, the First Draft of the National Risk Assessment. Preliminary observations were made on this document, which determined the Romanian authorities to review the First Draft of the National Risk Assessment and to submit the revised document, according to those agreed with the experts of the Council of Europe, on 02.12.2021.

➤ During the period 13-16 December 2021⁴, a delegation of Council of Europe experts was in Bucharest, where formal events were held to present their views on the First Draft of the National Risk Assessment.

Also, during the working visit, focus groups were organized with the national authorities involved in the system of prevention and control of money laundering and terrorist financing, but also with private entities subject to legal obligations, including their self-regulatory bodies. These focus groups are interviews provided for in the Council of Europe's Assessment Methodology and aim to verify the conclusions on risk of national authorities. The conclusions of the focus groups are to be integrated in the document already prepared by the Romanian authorities, thus resulting in what the Methodology calls the Second Draft of the National Risk Assessment.

At the same time, during the events of December 2021, the authorities involved in this project together with European experts had preliminary debates regarding the elaboration of the National Plan for Risk Mitigation Measures.

⁴ Further details on this mission are also available on the Council of Europe website at <https://www.coe.int/en/web/corruption/-/first-steps-towards-the-preparation-of-the-anti-money-laundering-and-countering-the-financing-of-terrorism-action-plan-of-romania> and on <https://www.coe.int/en/web/corruption/-/romanian-authorities-undertake-the-development-of-their-action-plan-on-anti-money-laundering-and-countering-the-financing-of-terrorism>

NOPCML's contribution to the international activity of prevention and control of money laundering and terrorist financing

During 2021, given the constraints generated by the COVID 19 pandemic, NOPCML representatives participated, in videoconference format, in the activities organized internationally by the following bodies:

European Commission

1. The EU FIU Platform and the FIU NET Advisory Group (AG – Advisory Group)

- The following topics were mainly addressed during these meetings:
- Information on meetings of the Advisory Group (AG) FIU.net - secure network for the exchange of information between FIUs in the EU;
- Information on FIU.net service and maintenance (presentation by the Commission);
- Information on the activity of the Change Management Council (CMB);
- Information on the establishment and activity of the Business Implementation Group (BIG);
- Connection information using TESTA-ng;
- Information on the creation of FIU.net WIKI;
- Statistics on the use of FIU.net (presentation by the Commission);
- The role of FIU in the implementation of EU restrictive measures;
- Exchanges of views on the role played by the FIU in implementing sanctions in the various EU Member States;
- Update on the implementation of the work plan 2022-2023 of the EU FIU Platform;
- Presentation of project concept notes by leaders and co-leaders:
 - o Working group on FIU.net statistics;
 - o Working group on XBD / R;
 - o Draft on the content and formats for the exchange of information between FIU;
 - o STR content and formats and other reports (eg threshold-based disclosures).

2. EGMLTF – Expert Group on Money Laundering and Terrorist Financing

The following topics were discussed in the EGMLTF working sessions:

- Mutual evaluation report of the Netherlands;

- German mutual evaluation report;
- Members' contributions to the evaluation activity for the 5th round (TB)
- Update on the activity of mixed groups: possible listings and delistings of the FATF.

FATF work plan:

- Risk-based approach guide for the real estate sector;
- Draft guidelines on effective ownership (R.24);
- Possible revision of R.25;
- Data grouping, collaborative analysis and data protection: Preliminary report;
- Report of the co-chairs of the Contact Group for virtual assets;
- Potential revision of R.4 and R.38;
- Conceptual notes on the unintended consequences of FATF standards;
- Update of the FATF document on best practices for combating NGO abuse and a possible revision of R.8;
- Financial exclusion and risk elimination - The amendment referred to in R.1 and the updated FATF Guide;
- Financial exclusion and risk reduction - Potential revision of R.13, R.14, R.26 and / or R.28 and update of the FATF Guide;
- RTMG;
- Update on the project "Use of art, antiques and other cultural objects (AACO) as a tool for ML and TF".

3. CPMLTF – Committee on the Prevention and Combating of Money Laundering and Terrorist Financing (BORIS - interconnection of registers of real beneficiaries)

- Discussions at the meetings of this committee took into account:
- Updating information on the national central registers of beneficial owners (BOs) in the Member States;
- End users;
- Determining the relevant community;
- Identification / authentication of users with "VIP" roles;
- Model for payment solution;
- Search criteria: search by the name of the legal entity, search by the name of the beneficial owner, unclear searches;
- List of data to be exchanged between national registries and the European Central Platform (ECP).

4. Expert group on EU sanctions and extraterritoriality

NOPCML, as a member of the Interinstitutional Council for the Implementation of International Sanctions, was invited and participates in the meetings of this group, established in 2021.

The Group shall act at the request of the Directorate-General for Financial Stability, Financial Services and the Capital Markets Union ("DG FISMA"), in accordance with the Commission's horizontal rules on expert groups ("horizontal rules").

DG FISMA may set up sub-groups for the purpose of examining specific issues on the basis of terms of reference which it shall define. Subgroups operate according to horizontal rules and report to the group. They will be dissolved as soon as their mandate is fulfilled.

The European External Action Service shall be granted observer status. Representatives of the European External Action Service are invited to the meetings of the group and its sub-groups and participate in discussions.

➤ **European Union Council**

- Financial Services Working Group - regular meetings with the Presidency of the EU Council (France, January-June 2022)
- - ECOFIN - Economic and Financial Council (elements of position / mandate)

➤ **European Council – Moneyval Committee**

- Moneyval also ensures the relationship and correspondence with FATF/GAFI

European Banking Authority (EBA) - AMLSC: Standing Committee on Control of Money Laundering

- The following topics were addressed at the meetings of this committee, which is attended by the supervisory authorities in the field of AML/CTF (NBR and NOPCML):
- Information on the EuReCa centralized database - irregularities found in the application of AML / CTF regulations;
- The EBA's work program in 2022, which will focus on the implementation of the legal framework in the field of AML / CFT and the functioning of colleges of supervision, training and capacity building;
- Risk assessments according to Art. 9 of the Regulations on the establishment of EBA
 - ML/TF risks associated with payment institutions, investment funds, provision of services based on the freedom to provide services, politically exposed persons;

- Crypto-ATM operators. The presentation focused on the identified risks, the main challenges for surveillance actions and the most effective surveillance actions.

College for Supervision Management Financial Group ISco., in cooperation with FIU Bulgaria

NOPCML accepted the invitation of FID-SANS (FIU Bulgaria), the main supervisor of the financial-banking **group Management Financial Group JSc.**, to become a partner in the supervisory board of the aforementioned group, given that one of the subsidiaries of **Management Financial Group JSc.**, namely **Easy Management IFN S.A.** is under the supervision of the Office.

We mention that the legal basis for the formation of such colleges is given by the provisions of Art. 129, 131 and 132 of CRD (Directive on capital adequacy requirements), which established the framework statute for a much improved collaborative approach to the supervision of cross-border banking groups.

Egmont Group of Financial Intelligence Units

The Egmont Group is a complex international professional organization made up of Financial Intelligence Units from over 165 states. The Egmont Group's actions aim to improve the system of prevention and control of money laundering and terrorist financing (AML / CFT) worldwide. One of the tools used to achieve this goal is the secure information exchange platform⁵, made available to member FIUs. Constantly, the Egmont Group supports its own members for the implementation of international standards and regulations in the field, by providing a common forum for dialogue, by issuing documents to guide the international cooperation of FIUs, but also through the projects it coordinates.

Currently, in addition to the more than 165 countries that have operational FIUs and are members of the Egmont Group, there are 18 observers and numerous dialogue partners, which contribute to achieving the objectives of the international organization. There is a Steering Committee, there are 9 Regional Egmont Groups and 4 Working Groups within the Egmont Group.

NOPCML - FIU Romania is member of the Egmont Group since 2000. Since 2014, FIU Romania has been included in the Egmont Europe I Region, along with FIUs from: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France,

⁵English – Egmont Secure Web (ESW);

Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. The Office's presence in **Region I** was intended to ensure a prolific dialogue with institutions with similar responsibilities in the European Union / European Economic Community, in order to identify best practices in the exchange of information and to carry out operational and strategic analyses related to this region.

Egmont working groups are characterized by the following:

- *Working Group on Information Exchange (IEWG⁶)* which aims to analyze and identify common elements of dialogue between operational analysts and IT experts within FIUs, leading to an increase in the quality and quantity of information exchange between FIUs, in the best possible time, based on strategic analyzes and operational;
- *Working Group on Membership, Support and Compliance (MSCWG⁷)* is responsible for managing issues related to the fulfillment of the necessary conditions for each FIU as a member of the group. It examines and issues proposals for applications for group membership. MSCWG also analyzes the way in which FIUs cooperate to achieve the exchange of information in optimal and efficient conditions;
- *Working group for the development of policies and procedures (PPWG⁸)* is responsible for identifying operational policies and strategic issues affecting the Egmont Group FIUs. PPWG will regularly review important documents issued by the Egmont Group in order to identify the needs for their modification, combining policies, normative acts in the field, with the elements resulting from the operational activities of FIUs;
- *Working group for the provision of technical assistance and training (TATWG⁹)* is responsible for identifying, developing and providing technical assistance and training sessions for Egmont members, in coordination with the activities of other international bodies with responsibilities in the field, as observers, providing support to FIUs for overcoming significant obstacles encountered in the process. implementation of Egmont principles and standards, as well as the FATF Recommendations.

Egmont working groups meet their objectives through projects involving experts from several FIUs, depending on their activities and area of expertise.

⁶Engl. "Information Exchange on Money Laundering/Terrorist Financing Working Group" - IEWG;

⁷Engl. "Membership, Support, and Compliance Working Group" - MSCWG;

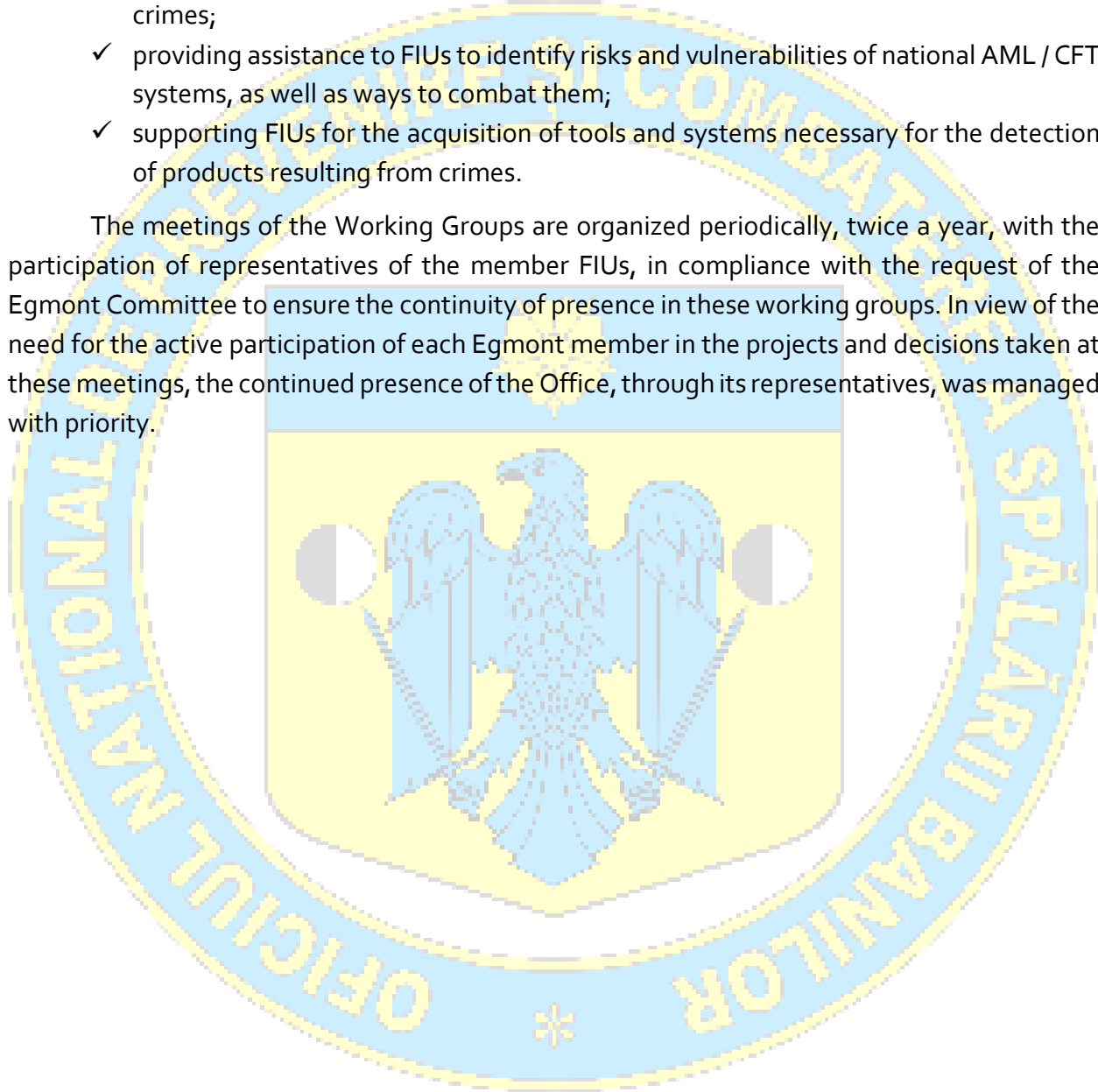
⁸Engl. "Policy and Procedures Working Group" - PPWG;

⁹Engl. "Technical Assistance and Training Working Group" - TATWG;

Thus, at the TATWG level, the ECOFEL Project (Egmont Center for Excellence and Management of FIUs¹⁰) was established. We mention that ECOFEL has as main activities:

- ✓ supporting FIUs in countries where a high degree of financial crimes is found, including corruption, but also the introduction in the financial circuit of the results of crimes;
- ✓ providing assistance to FIUs to identify risks and vulnerabilities of national AML / CFT systems, as well as ways to combat them;
- ✓ supporting FIUs for the acquisition of tools and systems necessary for the detection of products resulting from crimes.

The meetings of the Working Groups are organized periodically, twice a year, with the participation of representatives of the member FIUs, in compliance with the request of the Egmont Committee to ensure the continuity of presence in these working groups. In view of the need for the active participation of each Egmont member in the projects and decisions taken at these meetings, the continued presence of the Office, through its representatives, was managed with priority.



¹⁰Engl. "Egmont Centre of FIU Excellence and Leadership" - ECOFEL;

5. FINANCIAL AND HUMAN RESOURCES

Human resources

The Office is headed by a President, who shall act as Tertiary Authorizing Officer, and by a Vice-President, appointed by Government decision. The President of the Office is a dignitary with the rank of Secretary of State. The Vice President is a dignitary with the rank of Undersecretary of State. The President and Vice-President of the Office shall be appointed for a term of four years and may be reinstated once for a further term of four years.

The staff of the Office shall comprise specialized staff of financial analysts, specialized auxiliary staff of assistant analysts, as well as contract staff holding positions specific to the budgetary sector, consisting of unskilled drivers and workers.

During 2021

On 01.01.2021 the organizational structure of the National Office for the Prevention and Control of Money Laundering was as follows:

- **The General Operational Directorate**, having under its subordination:
 - ❖ **The Analysis and Information Processing Department** which includes:
 - *Risk Analysis and Operational Analysis Service (Risk Analysis Department, Operational Analysis Department, Strategic Analysis Department)*
 - *Operational Analysis Service 1*
 - *Operational Analysis Service 2*
 - ❖ **Information Technology and Statistics Department** which includes:
 - *IT service*
 - *Statistics Department*
 - *Structure Structure Security Registry Archive*
- **The Interinstitutional Cooperation and International Relations Department** is subordinated:
 - *International Relations Service*
 - *International Sanctions and Terrorist Financing Department*
 - *Interinstitutional Cooperation Department*
- **Supervision and Control Department** having in structure
 - *Service 1*
 - *Service 2*

- **The Economic-Financial and Administrative Directorate having in structure:**
 - *Financial Accounting Department*
 - *Public Procurement Department*
 - *Administrative Department*
- **Legal Service**
 - *Petition Resolution Department*
- **Internal Public Audit Department**
- **Human Resources Department**

Starting with 27.05.2021, according to the provisions of GD no. 491/2021, the Regulation on the organization and functioning of the National Office for the Prevention and Control of Money Laundering entered into force.

Thus, according to the provisions of art.2, par. (2) of GD no. 491/2021 the maximum number of positions is 130, including dignitaries and their cabinets.

The following structures are organized and operate within the Office, as established in art.7 (1) of GD no. 491/2021:

- a) Control Body Department;
- b) The Office of the President;
- c) The Office of the Vice President;
- d) General Operational Directorate;
- e) Prevention, Surveillance and Control Department;
- f) Directorate for Cooperation, International Sanctions and Terrorist Financing;
- g) The Legal Department, Methodology and Relations with the Parliament;
- h) Economic-Financial and Administrative Directorate;
- i) Human Resources Management Department;
- j) Public Internal Audit Department.

The following structures are organized and operate within the Operational Directorate-General:

- a) Information Technology, Databases and Statistics Department;
- b) Secretariate, Registry, Archive Department;
- c) Information Analysis and Processing Department. "

From the perspective of a new approach to the Office's management, correlated with the need to place the institution at a level that reflects its importance both nationally and internationally, we find the Office structures established according to the Order of the President of NOPCML no. 136/2021 regarding the organization, in fulfilling the object of activity, of services, offices and compartments within the general direction and the NOPCML directions, according to **Annex no. 2**, as follows:

- a) **Control Body Department;**
- b) **Office of the President;**
- c) **Office of the Vice President;**
- d) **General Operational Directorate which has in the subordinator:**
 - ❖ **Directorate of Information Technology, Databases and Statistics, which includes:**
 - *Information Technology Service;*
 - *Strategic Analysis and Statistics Department.*
 - ❖ **Secretariat, Registry, Archive Department, which includes:**
 - *Classified Information Protection Department.*
 - ❖ **Analysis and Information Processing Directorate, which includes:**
 - *Operational analysis service 1;*
 - *Operational analysis service 2;*
 - *The subordinate risk assessment service:*
 - *Risk assessment department;*
 - *National information exchange department.*
 - *Monitoring and methodology department.*
- e) **Prevention, Surveillance and Control Department, which has in the subordinator:**
 - *Risk-based supervision service and Off-Site activities;*
 - *Prevention and control service.*
- f) **Directorate for Cooperation, International Sanctions and Terrorist Financing, which has in the subordinator:**
 - *Cooperation and International Relations Service, which has in the subordinator:*
 - *Information Exchange, International Sanctions and Terrorist Financing Department.*
 - *Department of European Affairs and Interinstitutional Cooperation.*
- g) **Legal Department, Methodology and Relations with the Parliament, which has in the subordinator:**
 - *Litigation and litigation service;*
 - *Legislation, approval and methodology department;*
 - *Petition settlement department.*
- h) **Economic-financial and administrative department, which has in the subordinator:**
 - *Budget, financial-accounting, salary department;*
 - *Public procurement department;*
 - *The administrative department.*
- i) **Human resources management department;**

j) Internal public audit department.

At the same time, in accordance with the provisions of art. 40 of Law no. 129/2019 for the prevention and control of money laundering and terrorist financing, as well as for amending and supplementing some normative acts, with subsequent amendments and completions:

- para. (1) In order to carry out its duties, the Office shall set up its own apparatus consisting of contract staff (...).

- para. (2) The Office shall be headed by a President, who shall have the capacity of Tertiary Authorizing Officer, and by a Vice-President, appointed by a decision of the Government. The President of the Office is a dignitary with the rank of Secretary of State. The Vice President is a dignitary with the rank of Undersecretary of State.

After 27.05.2021 taking into account the increasing level of complexity of cooperation relations with the European Commission (FIU platform and the Expert Group on Money Laundering and Terrorist Financing) and the Council of Europe - Moneyval Committee, the intensification of interinstitutional cooperation relations with the authorities and institutions that are part of the national framework for combating money laundering and the draft normative acts launched by the European Commission, by Order of the President of NOPCML no. 331/2021 The Department of European Affairs and Interinstitutional Cooperation within the Directorate for Cooperation on International Sanctions and Theory Financing is transformed into the Service of European Affairs and Interinstitutional Cooperation.

Continuing in the same direction with reference to the actions undertaken in the draft normative acts transposing the new European Directives and Regulations on combating money laundering and terrorist financing, by Order of the President of NOPCML no. 463/2021 The Legislation, Approval and Methodology Department within DJMRP was transformed into the Legislation, Approval and Methodology Service. At the same time, the Prevention, Supervision and Control Directorate was reorganized by abolishing the Supervision and Control Service and transferring the staff to the direct subordination of the PSCD director and the head of service as head of the Legislation, Approval and Methodology Service within the Legal, Methodology and Relations with the Parliament Directorate.

In accordance with Art. 8 of GD no. 491/2021 for the approval of the Regulation on the organization and functioning of the National Office for Prevention and Control of Money Laundering, at the Office level, by Order of the President of NOPCML no. 138 / 27.05.2021, the attributions of the structures established at the level of the Office were approved. In order to ensure a good functionality and efficiency of the Office's activity through the Order of the President of NOPCML no. 272/2021, the attributions of the structures within the directorates were established.

Activity report 2021 - NOPCML

With reference to the application of the provisions of the *Framework Law no. 153/2017 on the remuneration of staff paid from public funds*, with subsequent amendments and completions, by derogation from the provisions of art. 38 par. (4), the gross amount of the basic salaries of the NOPCML staff, paid according to Annex no. VIII - Administration - Chapter II letter A, point II Remuneration of staff from public authorities and agencies, point 3 and Chapter II letter C Other common functions in the budgetary sector - basic salaries for staff paid from public funds secretarial-administrative activity, household, maintenance-repairs and servicing - no. crt.9 and no. crt.11, remained at the same level as that granted for December 2020 insofar as the staff held the same position and carried out their activity under the same conditions, as a result of which orders were established The office.

At the same time, the amount of bonuses, allowances and other elements of the salary system that are part, according to the law, of the gross monthly salary have remained at most at the level of the amount granted for December 2020.

By derogation from the provisions of art. 18 par. (1) of the Law - framework no. 153/2017, in 2021, the value of the food allowance amounting to 347 lei / month was maintained at the level of 2020.

In 2021, starting with the rights related to January, by derogation from the provisions of art. 38 para. (3) of the Framework Law no. 153/2017, the monthly allowances for the positions of public dignity within the NOPCML, positions provided at no. Crt.38-39 of Annex no. IX letter B - Appointed positions of public dignity, are maintained at the level of December 2020.

Compared to the stated ones, with reference to the staff remuneration in 2021, the Order of the President of NOPCML no. 07/2021.

During 2021, it was necessary to resume the expertise of the jobs within the Office in accordance with the provisions of art. 4 paragraph (2) of GD no. 917/2017 by the National Research-Development Institute for Labor Protection - INCDPM Alexandru Darabont, as a result of the expiration of the 36-month term of the expertise bulletin issued in 2018.

The expertise had as analysis both the jobs for the staff of the Office that carry out their activity in the headquarters from 1 Ion Florescu Street, sector 3 and for the jobs from the headquarters in Str. Radu Vodă, no.17, sector 4, Bucharest.

The Order of the President of NOPCML no. 284/2021 and the Order of the President of NOPCML no. 512/2021 on maintaining the granting of the bonus for dangerous or harmful working conditions for the contract staff within the Office.

At the Office level, after the approval of the **Law on the state budget for 2021 no. 15/2021 and the approval of the NOPCML budget for 2021 by the Ministry of Finance as chief authorizing officer**, a **REPORT** was issued, detailing the maximum number of positions by jobs approved in financing in 2021, namely of 130 positions.

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For 2021, 130 positions were budgeted according to the summary:

	Total positions approved by GD no. 1599/2008 and budgeted in 2021, on 01.01.2021	Total positions approved by GD no. 491/2021 and budgeted in 2021, on 27.05.2021	Total positions approved and budgeted at 01.11.2021	Total positions held on 31.12.2021	Total positions vacant on 31.12.2021
CENTRALISER	130	130	130	105	25
PRESIDENT	1	1	1	0	1
VICEPRESIDENT	1	1	1	1	1
CEO	1	1	1	1	1
DIRECTOR	5	7	7	7	7
HEAD OF SERVICE	8	8	9	9	9
HEAD OF DEPARTMENT	13	14	13	12	1
TOTAL MANAGEMENT	29	32	32	30	2
Staff director		2	2	1	1
Guidance counselor		3	2	1	1
Chief of staff		1			
TOTAL Staff President and Vicepresident		6	4	2	2
FINANCIAL ANALYST I	41	41	38	26	12
FINANCIAL ANALYST II	10	10	8	7	1
FINANCIAL ANALYST III	23	21	30	23	7
FINANCIAL ANALYST IV	8	5	4	4	0
TOTAL FINANCIAL ANALYST	82	77	80	60	20
ANALYST ASSISTANT I	9	7	7	6	1
ANALYST ASSISTANT II	1	2	2	2	0
TOTAL ASSISTANTS	10	9	9	8	8
DRIVER	6	3	3	3	0
BUILDING CARETAKER	3	3	2	2	0
TOTAL WORKERS	9	6	5	5	5
TOTAL NOPCML	130	130	130	105	25

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In the previous years and the current one, the Office has experienced a shortage of staff within certain structures, compared to the high workload. In this sense, the supplementation with staff within these structures was considered and it was completed where there was a deficit.

During 2021, competitions were initiated and held to fill vacancies at the Office level.

In the periods April-May, June-July-August, October-November 2021, as a result of the vacancies in the Office, both management and executive staff were hired to strengthen the support structures. The number of assistant analyst and financial analyst positions has been filled.

The positions of director at the Information Technology, Databases and Statistics Department, the Secretariat, Registry, Archive and Cooperation Department of International Sanctions and Theory Financing, the positions of head of the Monitoring and Methodology department within the Information Analysis and Processing Department, of the head of the department were filled. Exchange of Information, International Sanctions and Terrorist Financing within the International Sanctions and Theory Financing Cooperation Directorate and Head of the Control Corps department.

After 27.05.2021, the positions of counselor and director were filled at the dignitary's office, positions created with the entry into force of GD no. 491/2021.

The following vacancies at the Office level were also filled:

- ✓ six positions of assistant analyst: three positions within DAPI and three positions within DITDS;
- ✓ a DITDS post director;
- ✓ two positions of financial analyst within DCISTF;
- ✓ two positions of financial analyst within IAPD;
- ✓ two positions of financial analyst within PSCD.

In accordance with the staff rotation policy within the NOPCML established by the Order of the President of the NOPCML no. 231/2020 and updated by the Order of the President of NOPCML no. 121/2021, starting with 27.05.2021 together with the re-employment of the staff of the Office according to the provisions of GD no. 491/2021, we proceeded to the nomination of some financial analysts in management positions by temporary appointment.

As a result of this mobilization of action regarding the strengthening of the support structures, the aim was to streamline the activity at the Office level by capitalizing on the experience and performance of all employees.

The secondment of a number of two persons was maintained at the level of the Interinstitutional Cooperation structure (head of department and financial analyst) and on the expiration date of the secondment, the necessary legal formalities (respectively 02.08.2021 and 25.11.2021) for the termination of the secondment were completed.

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During 2021, there were 10 terminations of individual employment contracts:

- ✓ three terminations of employment contracts (financial analysts) - according to art.56 paragraph (1) letter c) of Law no. 53/2003 - Labor Code, republished, with subsequent amendments and completions - retirement);
- ✓ three terminations of employment contracts (assistant analyst, financial analyst) - according to art.55 letter b) of Law no. 53/2003 - Labor Code, republished, with subsequent amendments and completions - agreement of the parties;
- ✓ two terminations of employment contracts (head of department and director) - according to art. 81 paragraph (7) of Law no. 53/2003 - Labor Code, republished, with subsequent amendments and completions - resignation;
- ✓ two termination of employment contracts at the dignitary's office (cabinet director and counselor at the dignitary's office).

Taking into account the importance of the work carried out at the level of the Directorate for Cooperation, International Sanctions and Terrorist Financing, the need to ensure a professional result in the interinstitutional relations to be provided by NOPCML and the lack of experienced staff, the head of European Affairs and Interinstitutional Cooperation the management of the structure both as director and head of service by maintaining it in office, according to the legal provisions in force, respectively art. 56 paragraph 4 of Law no. 53/2003 republished - Labor Code, with subsequent amendments and completions.

In the same spectrum, until the occupation of the position of director of the Information Technology, Databases and Statistics Department, the continuity of the coordination of the structure was achieved by temporarily appointing a financial analyst from the directorate as director, by keeping him in office according to legal provisions in force.

During 2021, five requests for suspension of the individual employment contract were registered, as follows:

- ✓ *one IAPD financial analyst (01.01.2021-31.01.2021);*
- ✓ *one DCISTF financial analyst (28.09.2021-27.09.2022);*
- ✓ *one DCISTF financial analyst (07.11.2020-06.11.2023);*
- ✓ *one PSCD financial analyst (27.01.2018-15.10.2026);*
- ✓ *a head of the Risk Analysis Department within IAPD (03.06.2019-13.07.2022) - leave to raise the child up to two years old, with extension for the second child).*

At the level of the Human Resources Management Department, activities were carried out regarding:

- drawing up the orders for re-employment of the NOPCML staff on 27.05.2021;
- drawing up and posting on the institution's website, according to the provisions of art.33 paragraph (1) of Law no.153 / 2017 on the remuneration of staff paid from public funds, with subsequent amendments and completions, the list of positions within the Office on revenue transparency on March 31 and September 30 of each year;

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- situations regarding the staff movement for each month, regarding the changes of the employees' ranks (seniority) and the elaboration of the afferent orders;
- statistical statements submitted, online, prepared quarterly and submitted to the National Institute of Statistics - Form LV - Vacancy Survey.

During 2020, at the request of the Ministry of Finance, various reports were prepared and submitted on the number of staff and categories of positions, staff turnover (monthly), current retirements that are still in operation and those to be made during 2021-2022, the courses carried out according to the Annual Vocational Training Plan, as well as other specific requests regarding similar positions in payment, etc.

Implementing the operational procedure Assessment of individual professional performance, with subsequent amendments and completions, during 2021, at the level of NOPCML, the professional activity for 2020 was evaluated. 92 persons were evaluated who obtained marks between 4.01 and 5.00.

In 2021, 13 promotions in higher professional degree were made.

Regarding the situation of rest leave for 2021, we specify that they were carried out according to the requests in proportion of 65%. At the end of 2021, a number of eight employees still had to take days off in 2020, the rest of the employees taking full days off in 2020.

Taking into account the context of the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus, according to the legal provisions in force regarding measures to prevent contamination with the new SARS-CoV-2 and to ensure safe and healthy workplace activity in during both the state of emergency and the state of alert, measures have been taken at:

- ✓ starting with 18.05.2020 according to the Orders of the President of NOPCML, a staggered work schedule was established, by series, respectively series 1 starting at 07:00, series 2 starting at 08:00 and series 3 starting at 09:00;
- ✓ starting with 13.10.2020 according to the Order of the President of NOPCML to ensure the continuity of the specific activity of the Office, in compliance with social distancing measures and in the context of mandatory measures to establish individualized work programs, new prevention and protection measures were established for NOPCML staff, respectively by derogation from the normal working hours, a shift schedule, shift I - time interval 06:00 - 14:00 and shift II time interval 14:00-22:00 - for the operational structures IAPD, DITDS and DCISTF, for the rest of the staff, keeping the schedule staggered at different times.

Also, the staff of the Office that was vaccinated benefited from a day off paid for each dose of vaccine administered in accordance with the provisions of Law no. 55/2020.

At the same time, taking into account the provisions of GEO no. 192 / 05.11.2020 amending and supplementing Law no. 55/2020 on some measures to prevent the effects of the COVID-19 pandemic and the analysis performed by the heads of structures through information

on the possibility of working at home by some of the Office staff, at the level of NOPCML nine employees benefited in successive stages from work at home and the Human Resources Management Department proceeded to prepare the related additional documents.

Regarding training and further training, the Office's staff was encouraged to participate in training, specializations and workshops, organized by both the governmental and non-governmental sectors, in areas of interest to the institution's work.

Thus, a number of 45 employees of the Office participated in training events on the following topics: *"Findings and recommendations for public sector operators-GDPR"*, *"Administration, governance and civil service in modern Romania"*, *"Communication in the administration public in crisis situations"*, *"Communication and interpersonal relations"*, *"Protection of classified information"*, *"Cybersecurity and classified information"*, *"ECDL START course"*, *"Preventive financial control at the level of public entities"*, *"Diplomacy and protocol"*. Given the context generated by the coronavirus pandemic, the training events organized during 2021 took place, for the most part, online.

Activity in the field of personal data protection

According to the Order of the President of NOPCML no. 224 / 15.12.2020 the financial analyst within CMRU was appointed person responsible for personal data protection (DPO).

On January 27, 2021, the DPO participated in the online Conference - "Findings and recommendations for public sector operators", organized by the National Authority for the Supervision of Personal Data Processing, on the occasion of the European Day of Data Protection .

The Internal Policy of the NOPCML on the protection of personal data was approved and disseminated by e-mail to all the staff of the Office for information.

The main information regarding the processing of personal data was posted on the site.

In accordance with the provisions of Article 30 of Regulation (EU) 2016/679 - GDPR, the Register of processing activities has been drawn up, which includes categories of persons covered by processing, categories of personal data, purpose of processing personal data, legality of GDPR processing, etc.

In 2021, the public internal audit mission ***"Evaluation of the application of the General Regulation on data protection within the NOPCML"*** was carried out, which established a series of recommendations that the DPO adopted in accordance with the action plan on their implementation (identification and assessment of risks for activities carried out in the field of personal data protection, as well as elaboration of documented procedures for activities carried out in the field of personal data protection; compliance with measures ordered by internal acts in the field regulated by GDPR, etc.). Employees were trained in the field of personal data protection, informing the staff participating in the competitions organized by completing the consent for data processing, etc.

Activity in the field of equal opportunities between women and men

Starting with 14.08.2020, the financial analyst within the Human Resources Management Department was appointed as a person responsible in the field of providing equal opportunities for men and women. According to the provisions of Law no. 202/2002 republished, on equal opportunities and treatment between women and men and the provisions of GD no. 262/2019 for the approval of the Methodological Norms for the application of the provisions of the Law, the note on the legal provisions in the field of ensuring equal opportunities and treatment between women and men, to all NOPCML employees, for information and acquaintance, by signature, information posted and on the notice board of the institution.

The Action Plan on the implementation of the principle of equal opportunities between women and men within the NOPCML, for the period 2020-2030, was developed and submitted to the National Agency for Equal Opportunities between Women and Men. The system procedure on equal opportunities between women and men was drawn up, a procedure disseminated to NOPCML staff.

Activity in the field of occupational safety and health

The activity report for 2021 was discussed and approved at the meeting of the Safety and Health at Work Committee which took place on January 31, 2022; it was sent to the Territorial Labor Inspectorate of the Municipality of Bucharest, according to the law and was disseminated to the staff of the Office, by email.

At the same time, the Plan for prevention and protection in the field of occupational health and safety for 2022 was elaborated and the theme of training and testing of NOPCML staff in the field of occupational health and safety for 2022 was elaborated.

In 2021, work in the field of occupational safety and health was more intense and complex than in other years due to the general context created by the COVID-19 pandemic.

Thus, in 2021, there were six working meetings of the *Occupational Health and Safety Committee of the NOPCML* based on discussions on the working conditions of employees, internal measures taken at the employer level in the context of the coronavirus epidemic, the need expertise of the jobs for the staff of the Office that carries out its activity in the headquarters from Str. Ion Florescu no. 1, 3rd district, as well as in the headquarters in str. Radu-Vodă, nr. 17, 4th district, Bucharest.

- Ensuring the continuity of NOPCML activity in the context of the coronavirus pandemic

At the Office level, the business continuity plan was updated (initiated in 2020 when the essential functions and the mandatory staff were identified to ensure their fulfillment and it was established how to ensure the continuity of business management by developing the succession order for all functions required to meet the key objectives of the NOPCML) in June 2021.

- • Internal measures to prevent and combat the spread of the SARS-CoV-2 virus

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At the level of our institution, since the first quarter of 2020, a series of internal measures have been taken in order to prevent and combat the spread of SARS-CoV-2 virus and to protect employees against the risks associated with exposure to coronavirus SARS-CoV-2, simultaneously with the development, as far as possible, of the activity and labor relations in normal and legal conditions and with the assurance of the continuity of the activity in case of contamination and entry into isolation / quarantine of some persons within NOPCML as follows:

- the work schedule of the NOPCML employees has been individualized so as to reduce, as much as possible, according to the nature and specificity of the activities carried out, the direct contact between them, without affecting the duration of the normal work schedule;
- work at home has been established as a priority (where possible, in the support structures of the operational structures) and staff requesting work at home have been trained in this regard;
- the obligation to wear a respiratory protection mask was established;
- epidemiological triage and hand disinfection were instituted upon entering the institution's headquarters;
- the access of the visitors in the institution was suspended;
- meetings with a physical presence were limited to the minimum necessary;
- a video conferencing system for online communication was purchased;
- the permanent supply of specific sanitary protection materials was ensured;
- transparent dividers were installed between the offices, where necessary;
- the offices and common areas were disinfected at least once a week;
- the NOPCML staff was informed electronically about the measures ordered; internally, the obligations of the employer, on the one hand, and employees, on the other, in order to protect against the risks associated with exposure to the SARS-CoV-2 coronavirus;
- the permanent ventilation of the offices was achieved;
- cleanliness in offices and common areas was ensured and maintained
- Labor medicine

For 2021, a contract for the provision of occupational medicine services was concluded with a company with competences in this field, according to the law.

The workers within NOPCML were evaluated from a medical point of view during July 2021 and the remaining persons from July were evaluated in December 2021; the records resulting from the medical evaluation were attached to the individual training sheets on health and safety at work, copies of the medical records being sent to the subjects.

Given the context generated by the coronavirus pandemic, the representatives of the occupational medicine cabinet collaborated permanently with the head of OSH within the Office, responding promptly to the needs and requests of the institution.

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They also provided the Office with information and training materials on COVID-19 throughout the year, documents which were disseminated electronically to all Office staff, by the Secretary of the Committee on Health and Safety at Work.

- Training and testing of staff in the field of health and safety at work

The NOPCML staff was trained and tested in the field of occupational safety and health, by professional categories, in accordance with the legal provisions, respectively:

- Office staff - November;
- Drivers - February, May, August and November;
- Building caretakers - May and November;
- New employees - at the time of employment.

The training theme approved at the beginning of the year was supplemented for the annual training, which took place in November, with its own *Occupational Safety and Health Instructions for the protection of employees against risks related to exposure to biological agents and, in particular, SARS-CoV coronavirus*. -2.

At the end of the trainings, *the individual training sheets on occupational health and safety of all trained persons were completed. The training was performed in accordance with the provisions of art. 91 of the Methodological Norms for applying the provisions of the Law on safety and health at work no. 319/2006 approved by H.G. no. 1425/2006 ("On-the-job training is provided by the direct manager of the workplace")*.

At the same time, throughout the year, with each publication in the Official Gazette of a Government decision regarding the establishment / extension of states of emergency / alert throughout Romania, at the Office level the necessary measures were established / extended to ensure the continuity of the specific activity of the National Office for the Prevention and Control of Money Laundering, for limiting the effects of the epidemic caused by coronavirus infection (COVID-19) and for protecting employees against the risks related to exposure to coronavirus SARS-CoV-2

BUDGET AND BUDGET EXECUTION

The National Office for prevention and control of money laundering is financed from the state budget through the budget of the Ministry of Finance.

The budget of the Office, approved for 2021 by the Ministry of Finance as the main authorizing officer, was in the amount of 16,072,000 lei, as follows:

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Chapter	Indicator name	Budget approved 2021 -lei-	Execution 31.12.2021 -lei-	Degree of use %
50.00	TOTAL GENERAL	16.072.000	16.027.132	99,72
50.01	STATE BUDGET EXPENDITURE	16.072.000	16.027.132	99,72
51.01	<i>Public authorities and external actions, of which:</i>	16.072.000	16.027.132	99,72
	▪ <i>Current expenses, of which:</i>	15.396.000	15.355.088	99,73
	-Staff expenditure	13.915.000	13.891.000	99,83
	-Goods and services	1.350.000	1.333.315	98,76
	-Other transfers	29.000	28.809	99,34
	-Other expenditures	102.000	101.964	99,96
	▪ <i>Capital expenditure, of which:</i>	676.000	672.044	99,41
	- Non-financial assets	676.000	672.044	99,41

The budget execution on December 31, 2021 was of 16,027,132 lei, the degree of use of budget credits on December 31, 2021 being 99.72% of the approved annual provisions.

INVESTMENT POLICY

In 2021, the Office considered making those investments with priority to ensure the modernization of the IT system by replacing existing IT equipment, physically and morally used, with high-performance equipment, as well as the purchase of licenses.

At the same time, in 2021, within the limits of the approved commitment credits, the contract regarding the supply and implementation "turnkey" of an Integrated Information System for Information Analysis within NOPCML was awarded, amounting to 14,989,091.25 lei (including VAT), which involves:

- services for system implementation (requirements analysis services, system design, implementation and testing services, training services for users and administrators of implemented IT solutions), as well as for its guarantee and support;
- software license package, (software application licenses for analysis and reporting platform, document management system licenses, web portal software application licenses, user management and access security component licenses, security event monitoring component licenses, data loss prevention component licenses, virtualization solution licenses, backup and restore solution licenses, processing and storage platform administration solution licenses);
- equipment necessary for the system (physical structure support for equipment, power system and operational availability, data processing system, storage system, interconnection system, firewall, web application firewall, scanner).

We specify that the implementation of the Integrated Information System for Information Analysis within NOPCML will be completed by the end of 2022.

6. INTERNAL CONTROL

Internal audit activity at the level of NOPCML

As an organizational structure of the NOPCML, the Public Internal Audit Department (PIAD) carries out its activity in accordance with the provisions:

- *Law no. 672/2002 on internal public audit, republished, with subsequent amendments and completions and*
- *Government Decision no. 1086/2013 for the approval of the General Norms regarding the exercise of the public internal audit activity.*

Also, PIAD fulfills its attributions according to its own methodological norms regarding the exercise of the specific public internal audit activity of NOPCML, endorsed by the Public Internal Audit Department within the Ministry of Finance. The public internal audit is a component part of the internal / managerial control system, contributing to the implementation of the standard 16 Internal audit, according to the provisions of *the Order of the General Secretariate of the Government no. 600/2018* on the approval of the Code of internal managerial control of public entities.

In 2021, 5 (five) insurance missions and informal counseling missions were carried out on time. There were 2 ad-hoc audit missions, of which 1 was ongoing at the end of 2020 and completed in 2021. The degree of implementation of the public internal audit plan in 2021 was 100%.

The five assurance audit missions carried out in 2021 had the following themes: "Evaluation of the management and internal control system specified in the methodologies, mechanisms and procedures of analysis and information processing within NOPCML", "Evaluation of the corruption prevention system within the NOPCML ", " Evaluation of the application of the General Regulation on Data Protection within the NOPCML ", "Fulfillment by the NOPCML of legal and timely obligations regarding the harmonization of national legislation with Directive (EU) 2015/849 and Directive (EU) 2018 / 843, including in the framework of the procedure for finding non-compliance with the obligations to notify national transposition measures, in case 2017/0417 and in case 2020/2017" and "Assessment of the accounting system and its reliability, verification of the allocation of budgetary appropriations, employment and payment, as well as the evaluation of the public procurement activity ". In the 5 (five) audit missions carried out in 2021, the provisions of GSO no. 600/2018 in order to follow the integration of the internal managerial control system at the level of each audited structure.

Following the performance of the internal audit missions to the structures of the Office, provided in the annual audit plan, the Public Internal Audit Department provided assurance of the proper functioning of the structures and recommendations regarding the improvement of the entity's activities, systematized on the main audited areas.

Also, missions such as consultancy and understanding facilitation were carried out, in the form of informal, punctual counseling missions, when there were requests for advice from the structures.

The internal auditors provided informal advice, in particular on the implementation of the internal management control system at the level of NOPCML and on the standards related to the national anti-corruption strategy.

The activity of public internal audit within the National Office for the Prevention and Control of Money Laundering is in accordance with the legislative and normative framework specific to internal audit.

PIAD staff participated in sessions to improve individual professional training and according to art. 21, para. (7) of Law no. 672/2002 republished, they improved their knowledge, skills and values within the continuous professional training through individual studies on topics in the field.

Priorities for 2022

For 2022, PIAD has developed the internal audit plan for 2022. According to it, audit missions are planned in the following areas: implementation of the decision of the Court of Accounts of Romania (Follow-up of the implementation of the measures provided by *Decision no. / 22.06.2021 of the CAR*), information technology, databases and statistics (Evaluation of the IT system and the administration and updating of databases, as well as strategic analyzes), supervision and control (*Evaluation of the internal control system of the surveillance and control of the NOPCML*), legal (*Evaluation of the internal control system of legal activity*), interinstitutional cooperation, international relations, exchange of information, European affairs, international sanctions and terrorist financing, spokesperson (*Evaluation of the interinstitutional cooperation system, international relations and the exchange of information, European affairs, eval implementation of the system of implementation of international sanctions and the prevention of terrorist financing and the lawful management of the work of the spokesperson*).

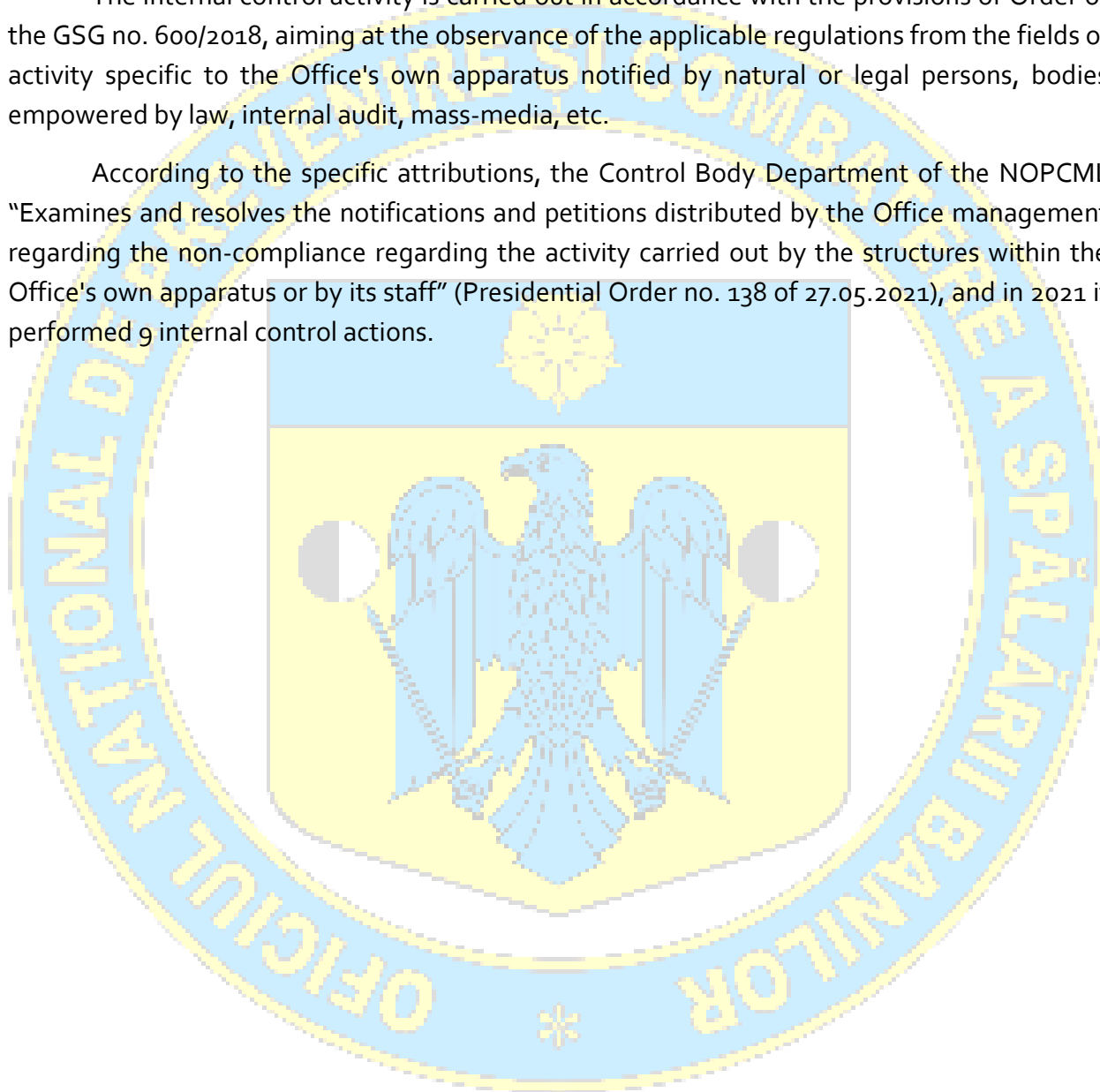
In the context of the legislative changes during 2021, as well as those of 2022, it is necessary to adapt the auditable scope of the new legislative framework accordingly. Thus, in compliance with the procedures for approving and approving these documents and, at the same time, with updating the elements deriving from the applicability of Order of the GSG no. 600/2018 at the level of the internal audit department, it is necessary that in 2022 we proceed to update the operational procedures of the department and to apply them accordingly, to update the rules and the internal audit charter.

Control body

The Control Body Department is organized and operates within the Office according to Art. 7, Chap. 1 of GD no. 491/2021 for the approval of the Regulation on the organization and functioning of the National Office for the Prevention and Control of Money Laundering.

The internal control activity is carried out in accordance with the provisions of Order of the GSG no. 600/2018, aiming at the observance of the applicable regulations from the fields of activity specific to the Office's own apparatus notified by natural or legal persons, bodies empowered by law, internal audit, mass-media, etc.

According to the specific attributions, the Control Body Department of the NOPCML "Examines and resolves the notifications and petitions distributed by the Office management regarding the non-compliance regarding the activity carried out by the structures within the Office's own apparatus or by its staff" (Presidential Order no. 138 of 27.05.2021), and in 2021 it performed 9 internal control actions.



7. STRATEGIC OBJECTIVES FOR THE YEAR 2022 REGARDING THE DEVELOPMENT OF THE NOPCML ACTIVITY AND THE AML / CFT POLICY

The year 2021 represented for the National Office for the Prevention and Control of Money Laundering, the year of assuming new operational objectives at strategic level, a fact determined both by the need to meet the internationally established requirements regarding the operation and role of financial intelligence units, but and the development and implementation of a new set of legal regulations, both at primary and secondary level.

Starting from these strategic operational objectives, in full agreement with the Operational Strategy of the *National Office for the Prevention and Control of Money Laundering* for the period 2021-2026, I consider that 2022 will represent for the institution I lead a year of materialization of five operational objectives with the primary goal of fulfilling the mission of protecting the integrity, stability and reputation of the financial system, as well as ensuring the security of Romanian and European citizens, by coordinating the financial intelligence component of the national system to prevent and combat money laundering and terrorist financing.

Thus, in 2022 we will focus our efforts on conducting the National Risk Assessment, recalibrating the office's resources and implementing the Integrated Information System, completing the 5th Round of MONEYVAL evaluation and ensuring the harmonization of national and international legislation from the launch of the new AML legislative package.

By achieving these objectives, I appreciate that we act unequivocally to fulfill the object of activity of the Office, by informally supporting the law enforcement authorities, the financial-fiscal control authorities and the regulatory and supervisory authorities, as well as the exchange of information with external partners to the standards imposed at international level and improving the process of creating new information resources designed to prevent and detect forms of economic and financial crime on money laundering and terrorist financing, by providing quality financial intelligence.

Thus, the fulfillment of the cynical strategic operational objectives stated above will lead to the achievement of notable results, subsumable to each objective as follows:

PERFORMING THE NATIONAL RISK ASSESSMENT

- prioritization of risk mitigation activities;
- making justified decisions regarding the limitation of the coverage of low-risk sectors and products from the point of view of prevention and control of money laundering and terrorist financing;
- reallocation of resources to address the areas identified as priorities;

- elaboration and communication to the European Commission of the national response to the risks identified on the occasion of the NRA, respectively of the Action Plan drawn up for the mitigation of the identified risks;
- elaboration, in collaboration with the other component national authorities of the National System for the prevention and control of money laundering and terrorist financing, of the National Strategy for prevention and control of money laundering and Terrorist Financing;
- creating the legal, operational and functional framework adapted to the identified risks, including the allocation of the necessary resources to manage the identified risks;
- setting up a nationally representative structure to coordinate the fight against money laundering and terrorist financing and national risk assessments, by setting up the Interinstitutional Council for the Coordination of National Risk Assessment in the Field of Money Laundering and Terrorist Financing.

RECALIBRATION OF OFFICE RESOURCES

- Providing the institution with the necessary human resources;
- Providing timely training of the Office staff so as to get and retain the necessary knowledge in order to perform the analysis and surveillance activities in the field of ML/TF taking into account the new context of technological evolution as well as the continuous changes in the criminal practices (MO);
- Attending the meetings of international bodies in the field, where Romania is a member: meetings of Expert Group in money laundering and terrorist financing (EGMLTF), of the EU-FIU Platform, of the Egmont Group (Plenary Session - Meeting of the FIU heads and meetings of the Egmont working groups), activities within the FIU.NET network, MONEYVAL/FATF - plenary sessions, trainings for appraisers, yearly meetings regarding typologies – Moneyval/FATF/Egmont, CoE meeting, Moneyval appraisers meetings, Moneyval plenary sessions attendance;
- The representatives of the Office attended work groups organized so as to implement the CE Convention regarding Money Laundering, Discovery, Seizure and Confiscation of Products of the Offence and Terrorism Financing (CETS 198) ratified by Romania through Law 420/1996 on ratifying the CE Convention regarding Money Laundering, Discovery, Seizure and Confiscation of Products of the Offence and Terrorism Financing (CETS 198) adopted in Warsaw on May 16, 2005, as well as regarding the financing of terrorism (such as: the informal reunion of the terrorism funds, the Conference of the Participants in the CE Convention regarding Money Laundering, Discovery, Seizure and Confiscation of Products of the Offence and

- Terrorism Financing (CETS 198), EU-USA, OSCE, UNODC working groups on Combating Terrorism Financing ;
- Adapting and implementing the staff selection procedures;
 - Updating procedures for operational analysis;
 - Taking steps towards supporting the international sanctions implementation in the national system within the limits of its competence;
 - Developing the Cooperation and Regulation of Cryptocurrency Department - its main feature - regulating and assessment of ML/TF risk in cryptoassets (providers of exchange of virtual currency and fiduciary currency and providers of digital wallets), as well as taking into account of the evolutions of new technologies.

IMPLEMENTATION OF THE INTEGRATED COMPUTER SYSTEM

- Modernization of data collection mechanisms from reporting entities;
- Automation of data retrieval from suspicious transaction reports received from reporting entities;
- The automated extraction of data from other sources should allow to resume the process and enrich the data set in case of new information;
- Elimination of manual operations necessary for the processing of CTR and ETR reports taken daily from the reporting entities;
- Automatic evaluation of reported financial transactions in order to identify suspicions of money laundering and terrorist financing, in accordance with the defined detection scenarios / rules;
- Electronic management of suspicious transaction reports;
- Generating alerts based on detection scenarios based on rules on risk indicators, as well as implementing a priority scoring system based on a score given to the rules / risk criteria in the detection scenarios;
- Automatic generation of cases based on alerts and their automatic allocation based on a set of rules configured for processing on workflows specific to the analysis / investigation processes;
- Providing analysts with modern tools to perform analyzes in all data sources, using advanced search algorithms (including unstructured and open source data), with graphical representation of network diagrams to ensure the display of entities and financial flows, including with geospatial information (superimposed on a map), data mining tools;
- Electronic management of the control and supervision processes of the reporting entities.

The optimization of the work processes within this project will follow the observance of the following key principles:

- Reduction of information processing time - elimination of papers from the internal information circuit;
- Digital by default: workflows that are easy to use by everyone and are based on digital technologies;
- Approach focused on information analysis: implementation of workflows to serve the needs of analysts and to minimize manual and / or bureaucratic operations;
- Simplification of procedures: elimination of activities that have no added value;
- One time: the information already taken over in the computer system should be available to other users based on a set of configured rules.

COMPLETION OF THE 5TH MONEYVAL EVALUATION ROUND

- Obtaining qualifications attesting to the fact that Romania has a national system for the prevention and control of money laundering and terrorist financing in accordance with the FATF Recommendations.

HARMONIZATION OF NATIONAL LEGISLATION WITH INTERNATIONAL LEGISLATION, FROM THE PERSPECTIVE OF LAUNCHING THE NEW AML LEGISLATIVE PACKAGE

- Obtaining a national regulatory framework in accordance with Community legislation, ensuring the effectiveness of measures taken to prevent and combat money laundering and terrorist financing.

I also propose that 2022 provides NOPCML with the necessary logistical framework in order to ensure normal conditions for carrying out professional activities, as well as to ensure the necessary infrastructure for the implementation of new IT tools at the Office level. We will also focus our efforts to get non-reimbursable external funds, so necessary for investments to develop institutional capacity and efficiency, through which the Office will have the necessary expertise to design and implement reforms in the specific field (strategic and legal advice), studies, training and study visits and exchange of good practices).

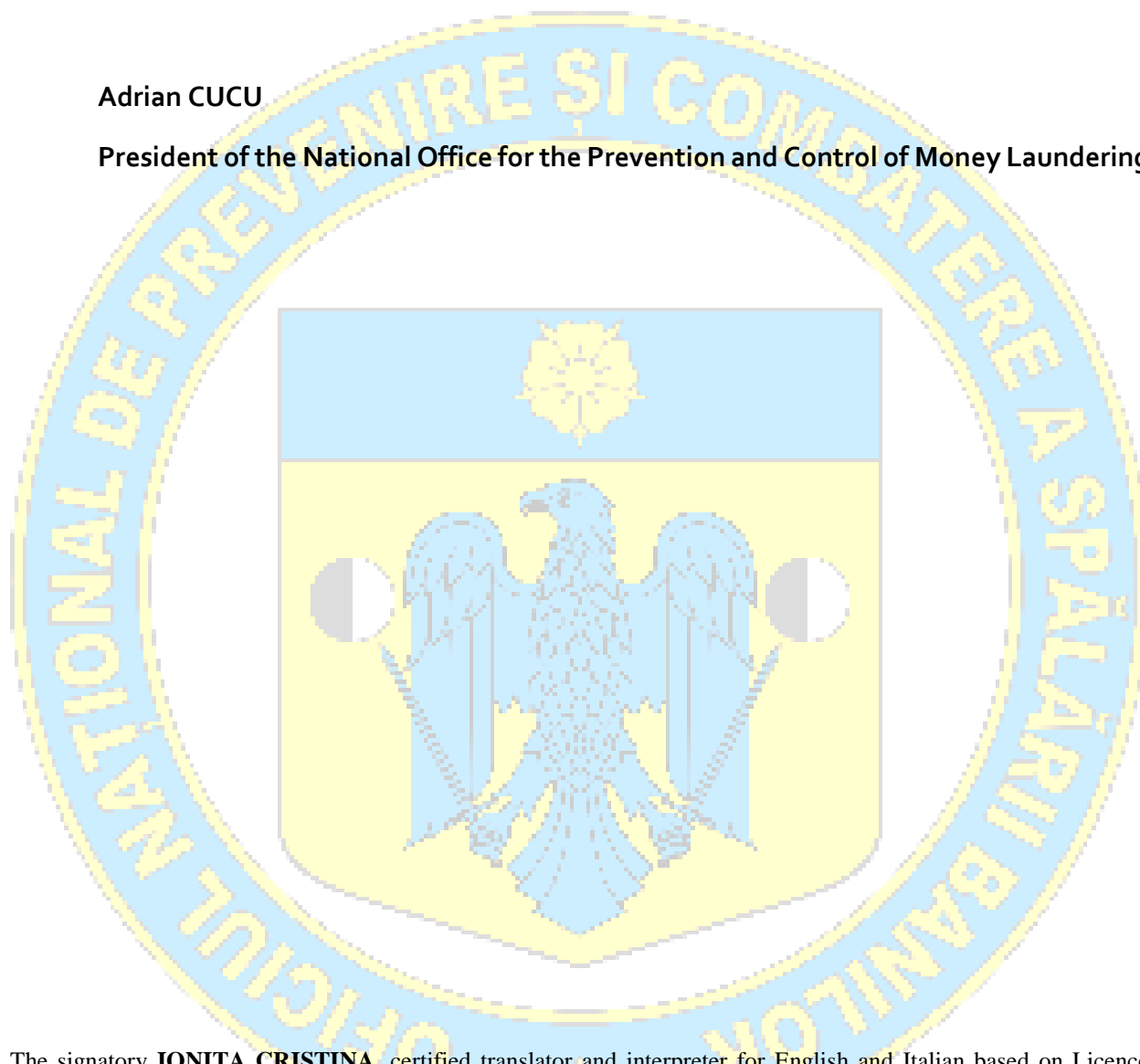
Last but not least, I would like to emphasize that the achievements and steps forward taken by the Office in 2021 are due to the direct involvement of the entire staff of NOPCML and in this way I would like to express my full appreciation for their activity. We are aware of the fact that the challenging objectives we set for 2022 are extremely important for the Romanian society and it is our involvement and effort, that of the entire staff of NOPCML, that will allow for these objectives to materialize successfully.

We all want the development of a modern authority, able to facilitate socio-economic development, through competitive public services, investments and quality regulations. In order

to fulfill this role, competent and well-managed human resources, efficient and transparent management of resource use, an adequate institutional-administrative structure, as well as clear, simple and predictable operating procedures are needed. Optimizing the administration is an important condition for implementing any structural change towards smart, sustainable and inclusive growth.

Adrian CUCU

President of the National Office for the Prevention and Control of Money Laundering



The signatory **IONITA CRISTINA**, certified translator and interpreter for English and Italian based on Licence number 38082/21.01.2021 by the Romanian Ministry of Justice, I hereby certify the accuracy and the completeness of the translation **from Romanian to English** of the document presented to me without omissions, and, that through the translation, the content and meaning of the document were not altered.

CERTIFIED TRANSLATOR AND INTERPRETER