



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



ACTIVITY REPORT

20
22



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THE NATIONAL OFFICE FOR PREVENTION AND CONTROL OF MONEY LAUNDERING

ACTIVITY REPORT 2022

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

PRESIDENT ADRIAN CUCU

VICE- PRESIDENT CONSTANTIN ILIE APRODU

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FOREWORD



The activities to prevent and control of money laundering and terrorist financing that constitute the fundamental legal purpose of the National Office for Prevention and Control of Money Laundering (NOPCML), were marked by significant challenges and important results in 2022.

Looking back at what we aimed for at the beginning of 2022, I consider that we succeeded in concentrating institutional efforts on conducting the National Risk Assessment, recalibrating the Office's resources, carrying out the 5th round of MONEYVAL evaluations and ensuring the harmonisation of national legislation with international legislation with a view to the launch of the new EU legislative package on AML.

The year 2022 offered our institution the opportunity to develop and intensify the cooperation at both national and international level, in line with the strategic objectives undertaken in the NOPCML's Operational Strategy for the period 2021-2026, steps designed to mark the achievement of activities circumscribed to the field of activity managed, able to support the integrity and stability of the Romanian, European and international financial systems.

Thus, as a national first, during the previous year, Romania completed a broad and comprehensive National Money Laundering and Terrorist Financing Risk Assessment, in which the Office played the role of national coordinator but also provided the information support with data and information within its field of competence.

We were joined by the National Bank of Romania, the Financial Supervisory Authority, the authorities and institutions involved in prevention and control of money laundering and terrorist financing, such as the Prosecutor's Office of the High Court of Cassation and Justice, the Romanian Intelligence Service, the Ministry of Justice, the Ministry of Internal Affairs, the National Gambling Office, the National Authority of Fiscal Administration as well as representatives of the private sector, self-regulatory bodies of the liberal professions such as the National Union of Notaries Public from Romania, the National Association of Romanian Bars, the Chamber of Financial Auditors of Romania, the Body of Expert and Licensed Accountants of Romania, to whom we would like to thank for their efforts.

This exercise ensured national compliance with the requirements of the international standards set by the Financial Action Task Force (FATF) through Recommendation 1, and therefore

the completion of the National Risk Assessment, enabled Romania to know its specific money laundering and terrorist financing risks and to be able to adapt and allocate its resources according to the results of the assessment in order to adopt and implement the most effective measures to combat these threats. Based on the results of the National Money Laundering and Terrorist Financing Risk Assessment, the authorities and institutions in charge of combating the threats posed by these crimes adopted, in early 2023, and will implement the Strategic Action Plan to mitigate the identified risks and vulnerabilities.

Another strategic pillar that determined the activity of the Office in 2022 was the Mutual Evaluation of the Effectiveness of the National System for Prevention and Control of Money Laundering and Terrorist Financing which was carried out by the MONEYVAL Committee during the 5th Round.

In this context, we point out that the MONEYVAL Evaluation is carried out in accordance with the International Standards on Combating the Dual Threat of Money Laundering and the Financing of Terrorism. These standards were developed by the FATF and consist of 40 Recommendations and 11 immediate outcomes on the technical compliance and effectiveness of the national system for prevention and control of money laundering.

Given that the FATF Standards set out requirements for law enforcement authorities, the judiciary, financial intelligence units (FIUs) as well as for the private sector and its supervisors, the implementation of this process, as well as the National Money Laundering and Terrorist Financing Risk Assessment, required enhanced inter-institutional cooperation between all components of the National System for Prevention and Control of Money Laundering and Terrorist Financing together with representatives of the private sector, as well as the coordination of the NOPCML.

Throughout the previous year, the Fifth Round of the MONEYVAL Evaluation highlighted the cooperation capacity of all national authorities and institutions involved in the prevention and control of money laundering and terrorist financing and highlighted both the progress made by Romania since the last MONEYVAL Evaluation Round and the aspects that still require improvements and institutional adaptation to ensure compliance with the FATF standards. Romania's Mutual Evaluation Report under the 5th MONEYVAL Round will be adopted at the 65th MONEYVAL Plenary Meeting to be held in Strasbourg, France, from 22 to 26 May 2023.

In terms of international cooperation, the Office has shown constant concern throughout 2022 to increase Romania's presence and contribution in international fora dealing with the prevention of and fight against money laundering and terrorist financing, and to intensify the dialogue with its international partners.

At the operational level, the Office has marked during 2022 major achievements which will have a significant and positive impact on the results of its activities of prevention and control of money laundering and terrorist financing:



relocation of the institution to a new building



increase the number of posts allocated to the institution by 30



the continuation of the implementation of new financial analysis software



the establishment, within the Office, of a structure with the exclusive powers of supervision and control over fiat and cryptocurrency exchange service providers and digital wallet providers.



the development of the legal framework establishing the obligation to notify the Office of the commencement or cessation of business by reporting entities that are not subject to supervision by a public authority and the creation of the online platform for making such notifications

The year 2023 will also bring a number of challenges in achieving the Office's mission, which I am confident that we will meet with the same professionalism and efficiency as before.

First of all, we will focus on increasing the quality and efficiency of the work of the Office's analysts, with the aim of operationalising and ensuring the framework for the efficient use of all the functionalities offered by the Integrated Information Analysis System, thus ensuring the full implementation of this high-performance system at the level of the NOPCML. In the same context, I would like to mention the specific interest that we will give during 2023 to the process of digitization of document management at the level of the Office, which will allow us to streamline our activities and reduce the volume of documents in physical format, while ensuring that the NOPCML's activities and processes are constantly adapted to the advances of the digital age.

We will continue to promote the image of the NOPCML within the national and international economic-financial ecosystem, emphasizing its role as a strategic link between law enforcement authorities and private sector entities, a role that the Office fulfils objectively. In this context, we will continue and intensify the specific professional dialogue with all partners in the AML/CFT ecosystem, supervisory bodies, law enforcement authorities, self-regulatory bodies and reporting entities.

We will pursue the fulfilment of the commitments made for 2023 in the Strategic Action Plan to mitigate the risks identified in National Money Laundering and Terrorist Financing Risk Assessment, providing a proactive platform for collaboration with other national institutions involved in this process.

Last but not least, we will ensure the appropriate framework to start the process of reviewing national legislation on prevention and control of money laundering and terrorist financing, of course in the light of the final provisions to be offered in the EU AML package and the proposals that will come from national stakeholders following a broad consultation process.

In conclusion, in accordance with the institutional mandate entrusted to me, I reiterate the firm commitment of the NOPCML to continue, focus and intensify the efforts necessary to achieve its legal purpose, namely to prevent and control money laundering and terrorist financing, and I thank all the staff of the institution for their work in 2022.

Adrian CUCU

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

MISSION AND OBJECTIVES



Mission

- to prevent and control money laundering and terrorist financing in order to ensure the integrity of the Romanian, European and international financial system.



Vision

- strengthening the National System for Prevention and Control of Money Laundering in which the NOPCML plays the role of strategic link between law enforcement authorities and private entities.



Values

- operational independence;
- moral integrity;
- efficiency;
- professionalism.



Basic functions

- receiving, analysing, processing financial information;
- disseminating information to the competent authorities when the analysis of data and information processed at the institution's level reveals the existence of indications of money laundering or terrorist financing, or the commission of offences other than money laundering or terrorist financing;
- supervising and controlling reporting entities, as required by law, for the purpose of prevention and control of money laundering and terrorist financing;
- coordinating the implementation of national money laundering and terrorist financing risk assessment;
- performing the functions of the competent authority in the field of the implementation of international sanctions, in accordance with the provisions of Government Emergency Ordinance No 202/2008 on the implementation of the

International Sanctions Regime, approved by Law No 217/2009 as subsequently amended and supplemented;

- exchanging information with foreign institutions with the same or similar functions for the purpose of prevention and control of money laundering and terrorist financing, in accordance with legal provisions;
- cooperating with the competent national and international authorities in order to carry out its specific work in an efficient manner.



Institutional objectives

- achieving the strategic objectives set out in the Strategic Action Plan for 2023 to mitigate the risks identified in the National Money Laundering and Terrorist Financing Risk Assessment;
- ensuring the appropriate framework to start the process of reviewing the national legislation on prevention and control of money laundering and terrorist financing, in line with the adoption of the EU AML package and the recommendations made to Romania following the Mutual Evaluation carried out by MONEYVAL in the 5th Round;
- increasing the quality and efficiency of the work of the Office's analysts;
- operationalisation of all the functionalities offered by the Integrated Information System implemented at NOPCML level;
- continuing the process of digitisation of document management;
- promoting the image of the NOPCML within the national and international economic and financial ecosystem;
- increasing international exchange of information;
- continuing and intensifying the specific professional dialogue with all partners in the AML/CFT ecosystem, supervisory bodies, law enforcement, self-regulatory bodies and reporting entities.



16.065

SUSPICIOUS TRANSACTION REPORTS AND OWN-INITIATIVE REFERRALS

During 2022, a total of 16,065 suspicious transaction reports and ex officio referrals were submitted to the Office for risk assessment.



3.329

REPORTING ENTITIES

were subject to off-site supervision during 2022, an activity carried out through an operational system specific to the risk-based approach, involving the application of analytical processes to assess risk indicators.



131

VERIFICATION AND CONTROL ACTIONS

During 2022 the control activity was carried out at the premises of the reporting entities (on-site control and document analysis was carried out at the premises of the reporting entities).



66

TRAINING SESSIONS

Around 12,000 representatives of reporting entities from all over the country attended the training sessions on preventing and combating money laundering and terrorist financing in 2022.



217

REQUESTS FOR INFORMATION FROM EXTERNAL PARTNERS

In 2022, the Office received, via FIU.net and EGMONT SECURE WEB- ESW, 217 requests for information, of which 34 were of an urgent nature and 183 of a normal nature, as well as 205 spontaneous information requests, of which 26 were of an urgent nature and 178 of a normal nature.

163

REQUESTS FOR INFORMATION FROM NATIONAL PARTNERS

In 2022, the Office received 163 requests for information from national partners in accordance with Article 35 paragraph 1 of Law 129/2019 and Article 7 paragraph 1 of G.O. No 9/2021.

INSTITUTIONAL ORGANISATION

The National Office for Prevention and Control of Money Laundering is the administrative Financial Intelligence Unit (FIU) of Romania, with the role of coordinating the national system for prevention and control of money laundering and terrorist financing.

Its activity began in 1999 and today it operates as a specialised body with legal personality, independent and autonomous from an operational and functional point of view, subordinated to the Ministry of Finance since 2019. In accordance with Article 39 paragraph (2) of Law no. 129/2019 on prevention and control of money laundering and terrorist financing, as well as on amending and supplementing certain normative acts, as amended and supplemented, the Office's activity is to receive, analyse, process and disseminate financial information, supervise and control, in accordance with the law, reporting entities for the purpose of prevention and control of money laundering and terrorist financing.

The organisation and functioning of the Office are regulated, at the primary level, by Law no. 129/2019 on prevention and control of money laundering and terrorist financing, as well as on amending and supplementing certain normative acts, a legislative act which is intended to be the legal instrument for transposing the provisions of European law on the matter into national law.

In 2021, the Romanian Government adopted Decision No. 491/2021 approving the Regulation on the organization and functioning of the National Office for Prevention and Control of Money Laundering - a legislative act that reiterated the guarantees regarding the operational and functional independence and autonomy of the Office by minimizing the interference of the political factor in the organization of the activities of Romania's Financial Intelligence Unit. Thus, when the new Regulation on the organisation and functioning of the Office was adopted, the Romanian Executive decided to leave it to the management of the institution to determine the legal powers of the Office's structures and their organisation in order to carry out the institution's activities.

At the beginning of 2022, according to its organisational and operational regulation, the National Office for Prevention and Control of Money Laundering had the following structures:

- a) The Control Department;
- b) President's Cabinet;
- c) Vice-President's Cabinet;
- d) General Operative Directorate;
- e) Prevention, Supervision and Control Directorate;
- f) Cooperation, International Sanctions and Terrorist Financing Directorate;
- g) Directorate for Legal Affairs, Methodology and Relations with Parliament;
- h) Economic, Financial and Administrative Directorate;
- i) Human Resources Management Department;
- j) Public Internal Audit Department.

The following structures are organised and operate within the General Operative Directorate:

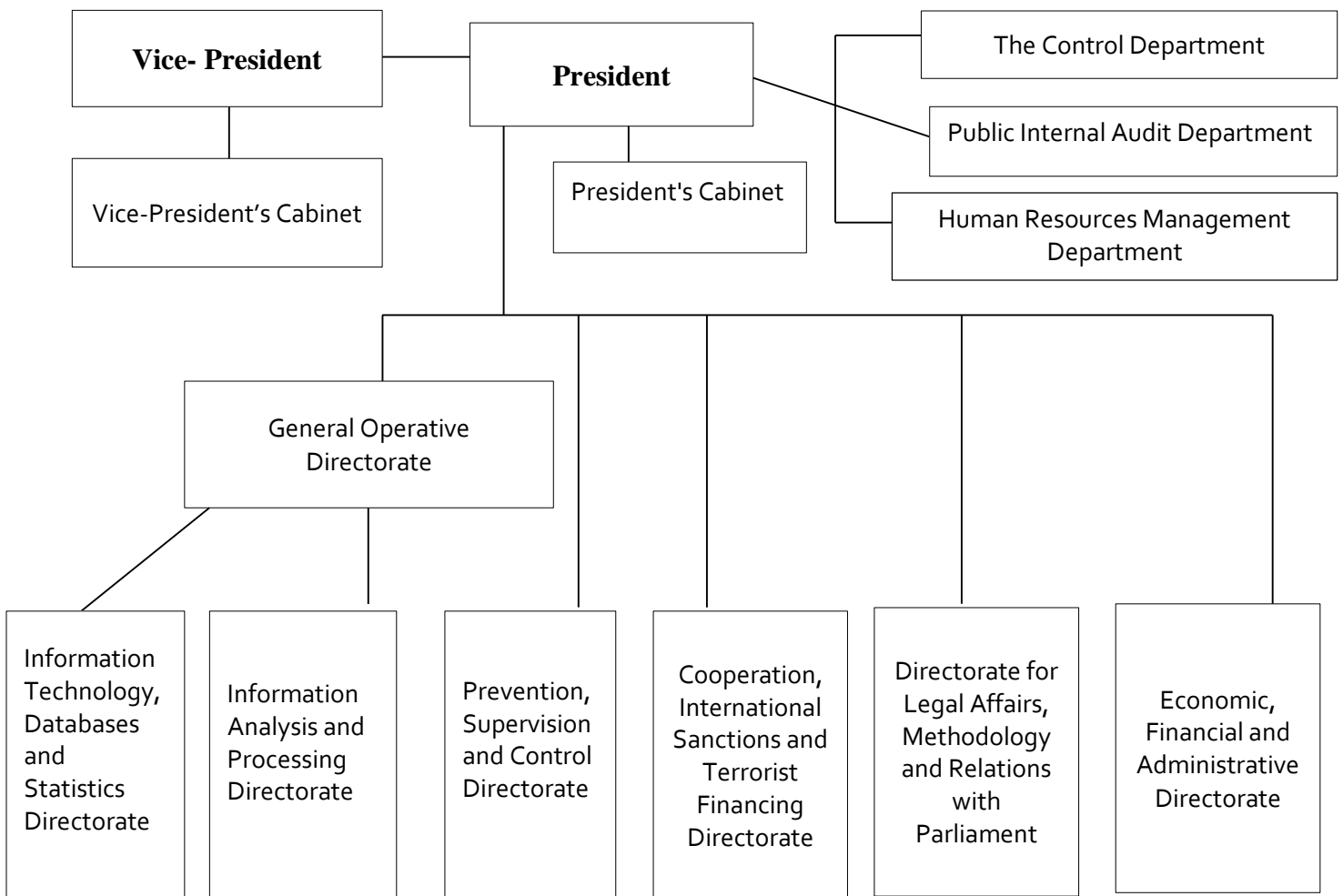
- a) Information Technology, Databases and Statistics Directorate;
- b) Secretariat, Registry, Archives Directorate;

c) Information Analysis and Processing Directorate.

On 18.10.2022, the Office's rules and regulations were amended, i.e. the Secretariat, Registry and Archives Directorate was transformed into a department, the new structure being placed under the Information Technology, Databases and Statistics Directorate. In addition, the Classified Information Protection Department, which was part of the Secretariat, Registry and Archives Directorate, has been transferred to the Information Technology, Databases and Statistics Directorate in view of the major transformation that has taken place.

Annex

**ORGANIZATIONAL CHART
of the National Office for Prevention and Control of Money Laundering**



RECEIVING, ANALYSING, PROCESSING AND DISSEMINATING FINANCIAL INFORMATION

Receiving information

In accordance with the provisions of national law, the Office receives reports stipulated in the legislative act, and other information from reporting entities, public authorities and institutions relating to money laundering, money laundering offences and terrorist financing.

Risk assessment

General considerations

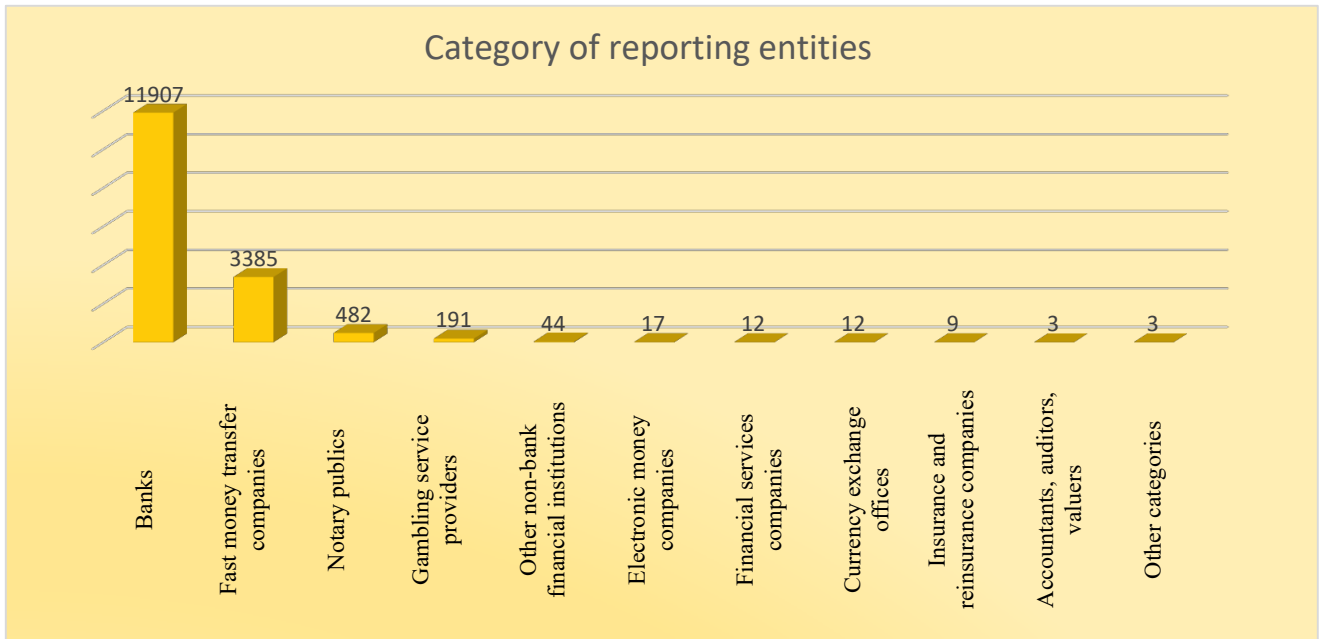
In order to carry out the tasks defined by the law the Office selects the information received in an appropriate manner. To this end, the Manual for the Receipt, Analysis, Processing and Dissemination of Financial Information was approved in 2021, on the basis of which each Suspicious Transaction Report (STR) is assigned an associated risk level based on specific indicators. In this way, an appropriate selection of STRs is made by applying risk assessment criteria/indicators to collect and retain information on the amount of the transactions and information describing the nature of the transactions, which, by their existence in context, make it possible to identify the level of money laundering and terrorist financing (ML/TF) risk associated with the information contained in an STR. The selection of RTS is carried out in two stages, first by applying some preliminary selection criteria and, subsequently, by applying some risk assessment criteria.

The implementation of an appropriate selection was driven by the increasing volume of STRs received by the Office and the need to identify information that is relevant to operational or strategic analysis processes or information that has a high degree of relevance to the recipients of the information.

Evaluation of information

During 2022, a total of 16,065 suspicious transaction reports and ex-officio investigations were subject to a risk assessment within the Office.

In terms of the number of suspicious transaction reports for which a risk assessment has been carried out, the statistical situation by category of reporting entity is as follows:



The comparative analysis confirms that in 2022 the financial system has maintained its position as the main provider of information for the national anti-money laundering and anti-terrorist financing system. Thus, credit institutions and fast money transfer services remain the most significant providers of financial information.

A total of 367 ex officio investigations were also included in the risk assessment stage, based on spontaneous information sent by partner financial intelligence units, various Romanian public authorities (NAFA, NCA, NBR) or notifications from individuals or legal entities.

From the analysis of the information contained in the suspicious transaction reports submitted by the reporting entities to the Office in 2022, it emerged that the most recurrent suspicious transaction indicators, on the basis of which the reports were drawn up, mainly concerned the following areas:

- suspicion of criminal activity (fraud, deception, high risk of money laundering, corruption, falsification of documents when opening an account);
- cash withdrawals from the account immediately after the funds have been deposited;
- Financial transactions related to gambling;
- financial transactions carried out by individuals that indicate untaxed commercial transactions, including salary payments from personal accounts;
- cash deposits followed by the purchase of goods (real estate, cars, etc.);
- high value cryptocurrency receipts whose source cannot be verified;

- refusal by the customer to provide supporting documents or submission of doubtful supporting documents;
- receipts from external partners followed by payments to the countries of origin of the funds;
- high value transactions for a newly established company;
- negative media reports;
- absence of usual transactions such as utility payments or payments to the government budget.

At this stage, the risk level of each STR is assessed on the basis of specific indicators and the information available to the Office is analysed to determine the degree of correlation between the financial activity of the persons concerned and the circumstances identified by the Office in relation to them. It also analyses the existence of mentions by the reporting entities/individuals of the commission of criminal offences by the persons involved.

Thus, if the Office finds no indications of money laundering, no suspicion of terrorist financing, no indication of offences other than money laundering or terrorist financing, and no other matters of interest to various national authorities, the information is retained in the records.

Operational analysis

Operational analysis is the analysis of financial data and information to identify indications of money laundering, predicate offences or terrorist financing.

The operational analysis function focuses on individual cases and specific objectives or selected information, depending on the nature and volume of the information received and the intended use of the information once it has been communicated. In this process, data and information received by the Office from the financial and non-financial sectors are analysed and correlated, and other information is accessed upon request or on a direct access basis, in order to establish the context in which the suspicious transactions took place, and to draw conclusions that support the existence or non-existence of indications of the commission of money laundering, terrorist financing or offences generating assets subject to money laundering.

The Office's proactive role was maintained in 2022, with particular attention paid to suspicious transaction reports containing non-executed transactions. Such an approach is also supported by the recommendations issued at international level on money laundering and terrorist financing and the need to stop transactions before illicit funds enter the national financial or non-financial circuit or are transferred abroad.

During 2022, the Office received 1,575 suspicious transaction reports from reporting entities prior to transactions were carried out, of which 51 resulted in blocked transactions at the reporting entity level and 1,524 required a decision to be issued by the Office.

In this context, in 17 cases it was decided to suspend the transaction for a period of 48 hours, and for 2 cases the Public Prosecutor's Office of the High Court of Cassation and Justice ordered an extension of the suspension of the transaction for 72 hours, at the request of our institution.

Dissemination

Through its legal actions, the Office supports the efforts of law enforcement authorities by creating new information resources aimed at preventing and detecting all forms of economic and financial crime and by providing quality financial intelligence. As an administrative structure, the Office does not have investigative powers, its role being to generate knowledge relevant to the fight against 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.

With regard to the spontaneous dissemination process, the number of information forwarded to law enforcement authorities and competent authorities is shown in the table below:

Beneficiary of dissemination	Total 34(1)	Total 34(2)	Total 34(3)	Total 34(4)	Total disseminations
POHCCJ	80			49	129
RIS		33		40	73
MIA			410	348	758
EPPO			1	2	3
NAFA				332	332
NIA				3	3
FSA				1	1
AFD				1	1
Prosecution offices, from which			10	263	273
DICOT			1	71	72
NAD				20	20
Public Prosecutor's Office of the Tribunal, Public Prosecutor's Office of the Court of Appeal, Public Prosecutor's Office of the District Courts			9	172	181
Total dissemination according to the legal basis for dissemination	80	33	421	1039	1573

With regard to the process of dissemination on request, it involves the transmission of data and information held by the Office and received by it in accordance with the relevant legal provisions. The beneficiaries are the Public Prosecutor's Office of the High Court of Cassation and Justice, the European Public Prosecutor's Office, the Romanian Intelligence Service and other prosecution bodies.

The requests for information submitted to the Office by the above-mentioned authorities must be based on suspicions of money laundering, offences generating assets subject to money

laundering or related to the financing of terrorism, and serious offences as defined in Government Ordinance No 9/2021 on the establishment of measures to facilitate the use of financial and other

information for the prevention, detection, investigation or prosecution of certain offences.

The requests for information must also contain at least the following elements: the relevant facts, the context, the reasons for the request and how the information provided will be used.

Pursuant to Article 35 of Law No. 129/2019, at the request of the competent national authorities, motivated by suspicions of money laundering, money laundering offences or terrorist financing

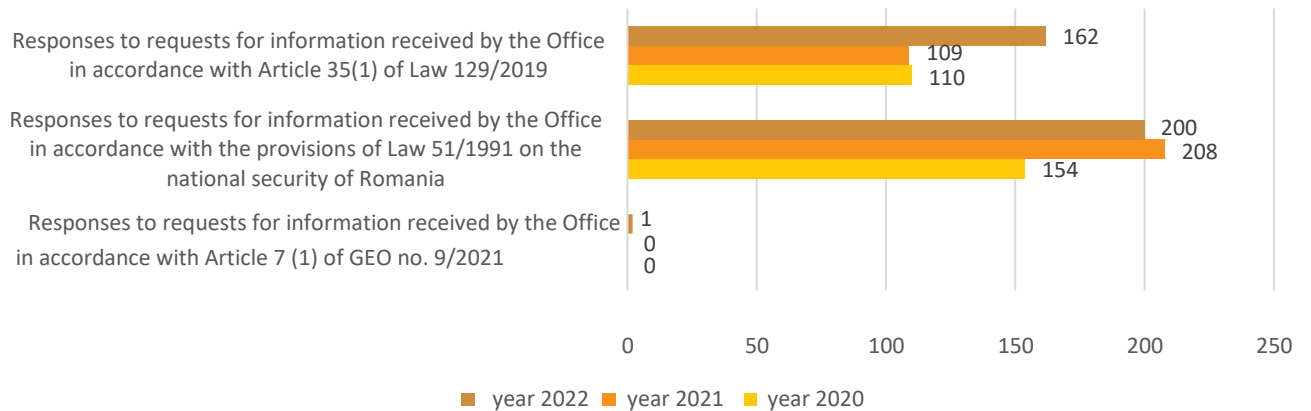
Dissemination on request
It is carried out under the following conditions:

Pursuant to Article 7 of Ordinance No. 9/2021, upon reasoned request from the competent authorities for the purpose of prevention, detection and control of money laundering or terrorist financing, in accordance with the provisions of Law No. 129/2019, as amended and supplemented.

Pursuant to the provisions of Law No. 51/1991, at the request of bodies with competence in the field of national security.

In 2022, the Office contributed to the investigative efforts of law enforcement authorities by disseminating a total of 162 responses to requests for information from national competent authorities under the law (an increase of 49% compared to 2021, when 109 such requests were recorded) and 200 responses to requests for information from national security authorities (approximately the same number as in 2021).

Evolution of upon-demand dissemination activity from 2020 to 2022



PREVENTION, SUPERVISION AND CONTROL

Supervision, control and training activities

The supervision, control and training of reporting entities carried out by the Prevention, Supervision and Control Directorate is one of the main components of the Office's institutional responsibility, namely the prevention of money laundering and terrorist financing and the implementation of international sanctions.

The supervision, control and training activities have a number of pre-established objectives, including:

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

- increasing the level of knowledge and correct interpretation, at the level of reporting entities, of the legal obligations in the field of prevention and control of money laundering and terrorist financing, as well as of the implementation of international sanctions, through the implementation of training activities for them, both in the framework of control actions and annual training sessions organised by the Office for all categories of reporting entities;

- increasing the level of awareness and compliance of reporting entities with their legal obligations to prevent and control money laundering and terrorist financing, and to implement international sanctions - by conducting control activities of reporting entities;

- analysing and processing of information obtained during the control activity, in conjunction with the Office's internal and external databases, when there is a suspicion of money laundering or terrorist financing.

The supervision and control activity carried out by the Prevention, Supervision and Control Directorate means:

- **off-site supervision** of reporting entities under the responsibility of the NOPCML. The activity is carried out at the premises of the institution on the basis of an analytical tool pre-defined at the level of the institution and represents the risk-based approach to the exposure of reporting entities to the risk of money laundering and terrorist financing;

- **carrying out control actions (on-site supervision)** as required by law, as follows:

- a) according to the provisions of Art. 26 paragraph (1) letter d) of the Law, in order to verify the application of the legal provisions on the prevention of money laundering and terrorist financing, to all reporting entities that are not subject to supervision by the authorities referred to in Art. 26 paragraph (1) letter a) of the Law;

- b) according to the provisions of Government Decision No 603/2011 approving the Rules on the supervision by the National Office for Prevention and Control of Money Laundering of the implementation of international sanctions regarding the implementation of international sanctions by regulated entities, to all reporting entities that are not subject to supervision by the authorities referred to in Art. 26 paragraph (1) letter a) of the Law;

c) according to the provisions of Art. 57 of the Law to legal persons on the compliance with the provisions of Art. 56 paragraph (1) of the Law and according to Art. 34⁵ paragraph (2) of the Government Ordinance no. 26/2000 on associations and foundations, approved with amendments and additions by Law no. 246/2005, with subsequent amendments and additions, to associations and foundations on the manner of compliance with the provisions of Article 34⁴ of Government Ordinance no. 26/2000, approved with amendments and additions by Law no. 246/2005, with subsequent amendments and additions;

d) controls in accordance with the provisions of Article 26 paragraph (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 there are suspicions of money laundering or terrorist financing from the data held by the Office.

Supervision activity

Based on the provisions of Law no. 129/2019, the National Office for Prevention and Control of Money Laundering is responsible for the supervision and control of the application of the provisions of the special law and secondary legislation, by the reporting entities provided for by law that are not supervised by the N.B.R. and F.S.A.

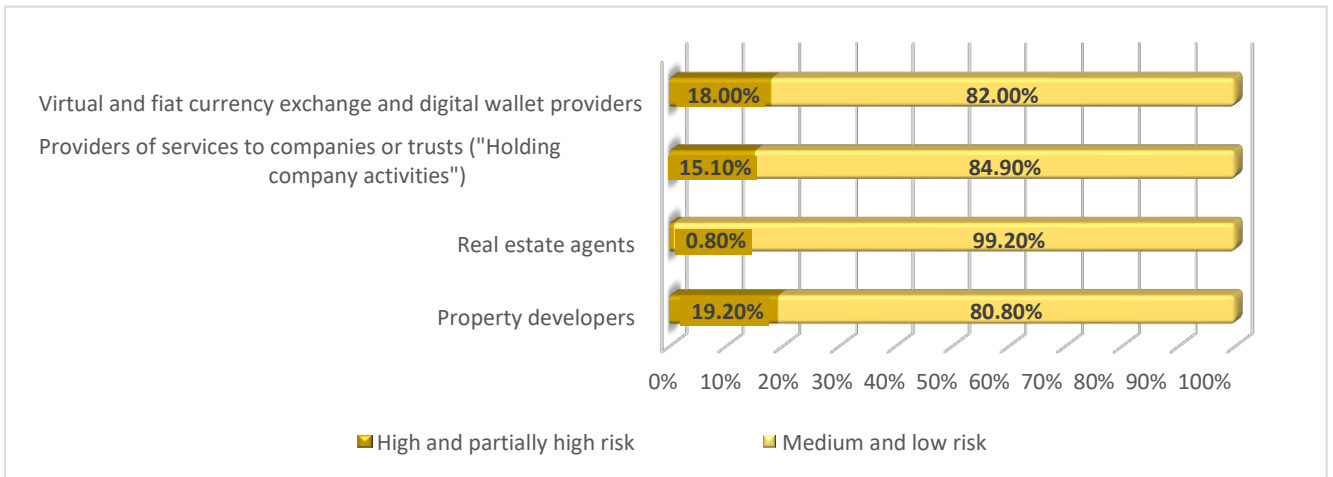
The supervision activity is carried out by means of an operational system specific to the risk-based approach, which involves the application of analytical processes for the assessment of risk indicators, thus determining the level of exposure to ML/TF risk of the reporting entities supervised by the Office, in terms of the level of compliance with the legal obligations in the field. The frequency and intensity of supervisory activity is determined on a risk basis, based on the results of the SNRA (The Supra National Risk Assessment report).

In 2022, 3,329 reporting entities from Bucharest and the counties of Bihor, Brasov, Cluj, Constanta, Ilfov, Satu Mare were supervised off-site, as follows:

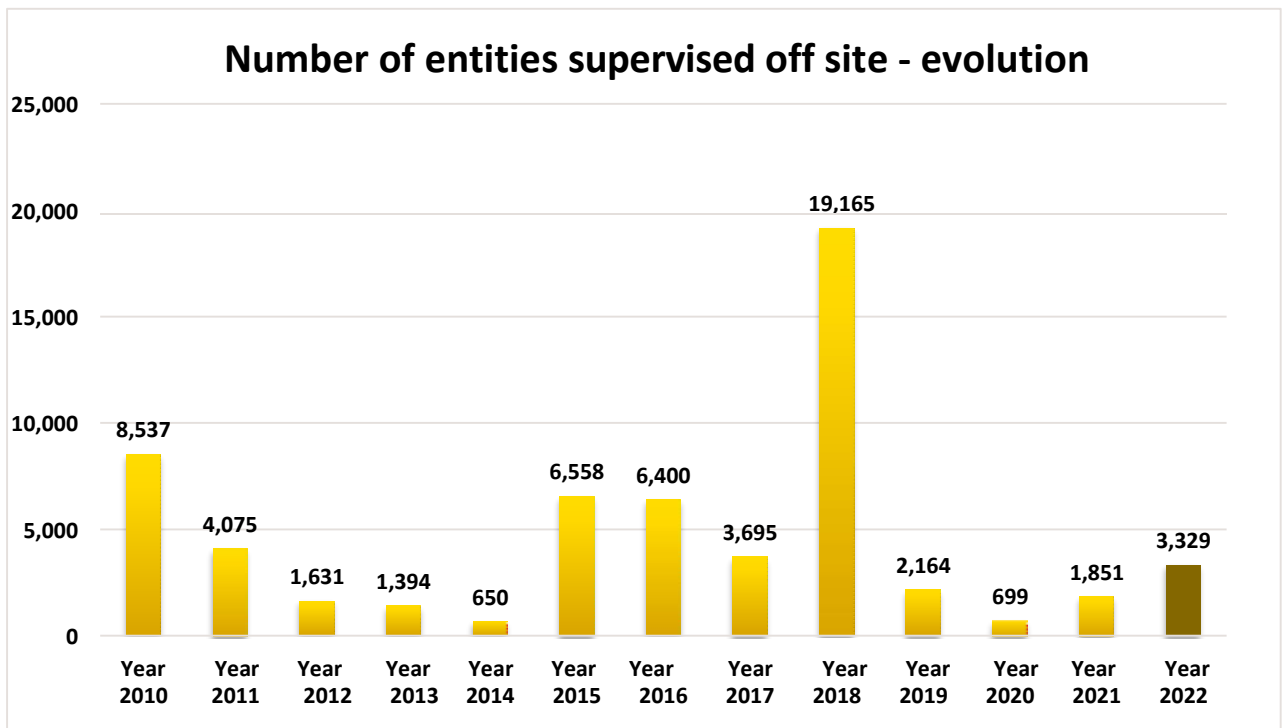
Main object of activity	No. of entities
Real estate developers (Ilfov)	622
Service providers for companies or trusts - "Activities of holding companies" (Bucharest and Ilfov)	359
Real estate agents (Bucharest)	2,337
Providers of virtual and fiat currency exchange services and providers of digital wallets (Bucharest, Bihor, Brasov, Cluj, Constanta, Ilfov, Satu Mare)	11
TOTAL:	3,329

As a result of the assessment, within the analytical process, of the degree of exposure to the risk of money laundering and terrorist financing, on the basis of data and information available at the NOPCML level, the following results were obtained on the basis of which verification and control actions were initiated for entities classified as high risk:

Structure of supervised entities in relation to risk exposure for each activity evaluated



Comparative analysis of the supervisory work carried out in previous years compared to 2022:



THE EVOLUTION OF THE FIELD OF ACTIVITY TARGETED IN CARRYING OUT OFF-SITE SUPERVISION

2010

TOTAL: 8,537

- Business and management consultancy (B) – 7,815
- Letting and subletting of own or rented real estate (B) - 722

2011

TOTAL: 4,075

- Service providers (B) - 3,363
- Real estate agents (B) - 712

2012

TOTAL: 1,631

- NFIs (B) - 880
- Currency exchange offices (B) - 289
- Service providers (B) - 242
- Precious metals and stones trade (B) - 220

2013

TOTAL: 1,394

- Wholesale of grain, seeds, animal feeds and unmanufactured tobacco (B) -292
- Wholesale of meat and meat products (B) - 403
- Wholesale of pharmaceuticals (B) - 699

2014

TOTAL: 650

- Providers of communication network and services authorised by NAMRC (B) - 416
- Collection of non-hazardous waste (B) - 191
- Companies holding audio-visual licences issued by National Audio-visual Council (B) - 43

2015

TOTAL: 6,558

- 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

2016 TOTAL: 6,400

- NFIs - NBR Register of Records (B) - 516
- Postal service providers (B) - 86
- Accounting, auditing and tax consultancy (B) – 1,749
- Real estate agents (B) - 2,693
- Market research and public opinion polling activities (B) - 484
- Water transport, air transport and support activities (B) - 872

2017 TOTAL: 3,695

- NFI – NBR General Register (B, BV, IS, SB) and NBR Register of Records (BV, IS, SB) - 578
- Currency exchange offices (B, BV, IS, SB) - 113
- Estate agents (BV, IS, SB) - 711
- NGOs - foundations (B) - 2,293

2018 TOTAL: 19,165

- NFIs in the NBR Register of Records - pawnshops, Mutual Aid Houses (MAH) (CT, TM, DJ) - 621
- Currency exchange offices (CT, TM, DJ) - 53
- Real estate agents (B, CT, TM, DJ) - 3,744
- Accounting, auditing, tax consultancy (B, CT, BV, IS, TM, DJ) - 4,228
- NGOs - foundations (TC, BV, IS, TM, DJ) - 1,535
- NGOs - associations (B, BV) - 8,979
- Casinos (B) - 5

2019 TOTAL: 2,164

- NFIs in the NBR Register - pawnbrokers, MAHs, entities without patrimonial purpose (B, PH, AG, GL, OT, CJ, SV, IF) - 1.765
- Exchange offices (B, PH, AG, GL, OT, CJ, SV, IF) - 145
- Lawyers and notaries (B) - 242
- Postal services - 12

2020 TOTAL: 699

- NFIs in the NBR Register of Records - Pawnbrokers (B) - 508
- NFIs in the General Register of the NBR (B) - 54
- NFIs in the General Register of the NBR - MAHs (B) - 137

2021 TOTAL 1,851

- Approved appraisers (B and all counties) - 567
- Exchange offices (B, PH, AG) - 104
- Consultancy and management activities (BR, BZ, CL, DB, GR, IL, TL) – 1,180

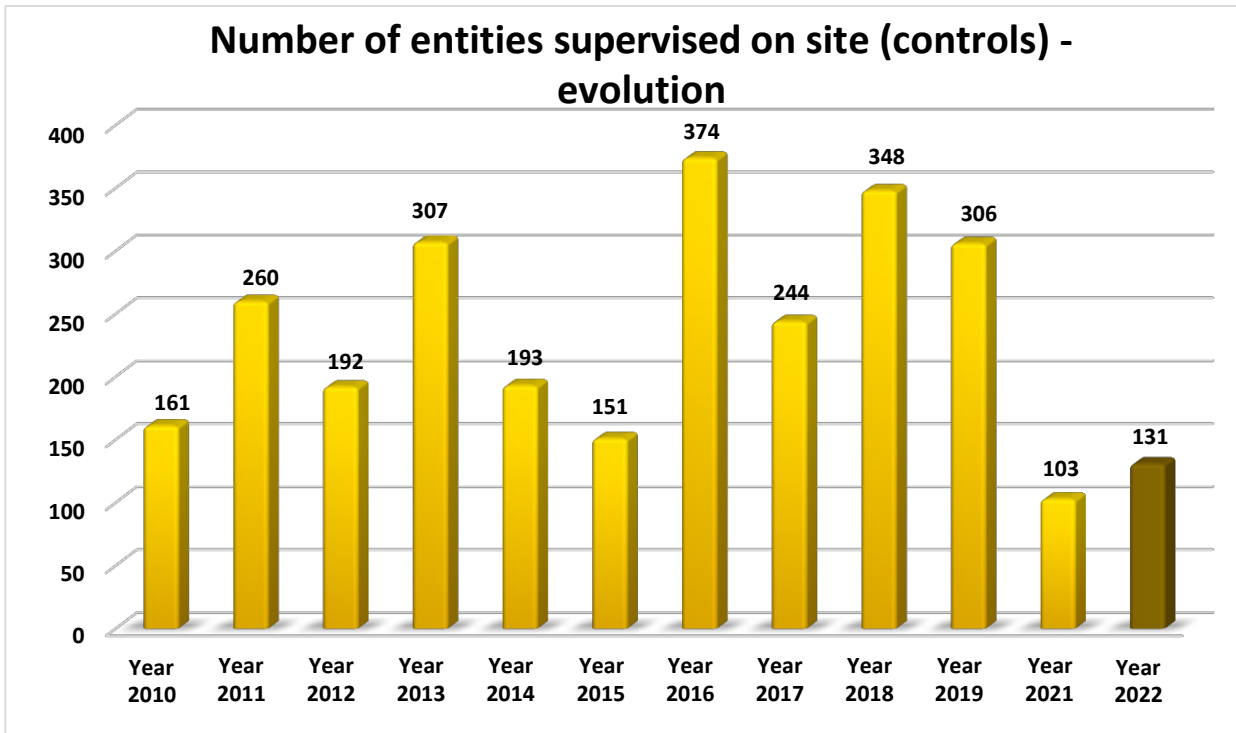
2022 TOTAL 3,329

- Property developers (FI) - 622
- Service providers to companies or trusts - 'Activities of holding companies' (B, FI) - 359
- Real estate agents (B) - 2,337
- Virtual and fiat currency exchange service providers and digital wallet providers (B, BH, BV, CJ, CT, IF, SM) - 11

Control activity

During 2022 the control activity was carried out at the premises of the reporting entities (control on site, and document analysis was carried out at the reporting entities' premises).

In 2022, **131 verification and control actions** were carried out.

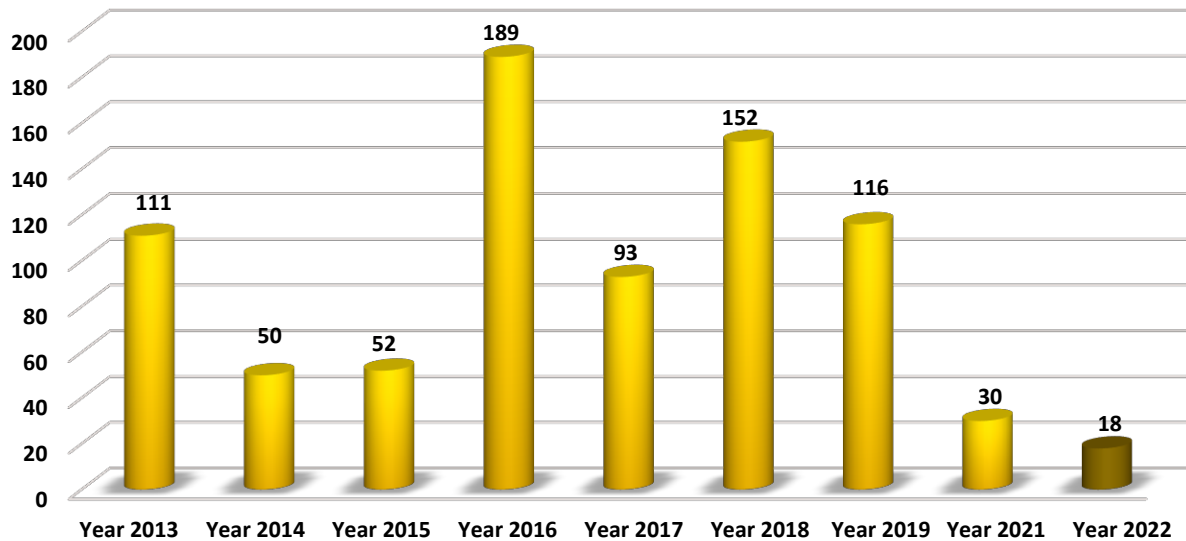


Of the 131 companies controlled by the NOPCML, 18 companies were sanctioned for non-compliance with the provisions of Law No. 129/2019 and DG No. 603/2008, as follows:

No. of Controlled entities - TOTAL:	131
No. of Sanctioned Entities	18
No. of Sanctions applied, of which:	26
No. of Fines	4
No. of Warnings	22
Amount of fines:	95,000 RON (19,255. EUR, in equivalent)

COMPARATIVE ANALYSIS OF PREVIOUS YEARS' RESULTS AND 2022 RESULTS

EVOLUTION OF THE NUMBER OF SANCTIONED ENTITIES



THE SCOPE OF THE ACTIVITIES OF THE CONTROLLED ENTITIES, THE NUMBER OF ENTITIES SANCTIONED, THE SANCTIONS APPLIED AND THE LEGAL PROVISIONS INFRINGED

4 sanctioned entities MUTUAL AID HOUSES - 16 controlled

- 1 fine of 25,000 lei - for non-compliance with Law 129
- 3 warnings - for non-compliance with Law 129

5 entities sanctioned REAL ESTATE DEVELOPERS - 25 controlled

- 2 fines in the amount of 35,000 lei - for non-compliance with Law 129 and Government Decision 603
- 7 warnings - for non-compliance with Law 129 and Government Decision 603

0 sanctioned entities SUPPLIERS OF SERVICES TO COMPANIES AND TRUSTEES - 42 controlled

- 0 fines
- 0 warnings

1 sanctioned entity

REAL ESTATE AGENCIES - 16

- **1 fine** in the amount of **10,000 lei** - for non-compliance with Government Decision 603
- **1 warning** - for non-compliance with Law 129

8 entities sanctioned

AUTHORIZED ASSESSORS - 30 controlled

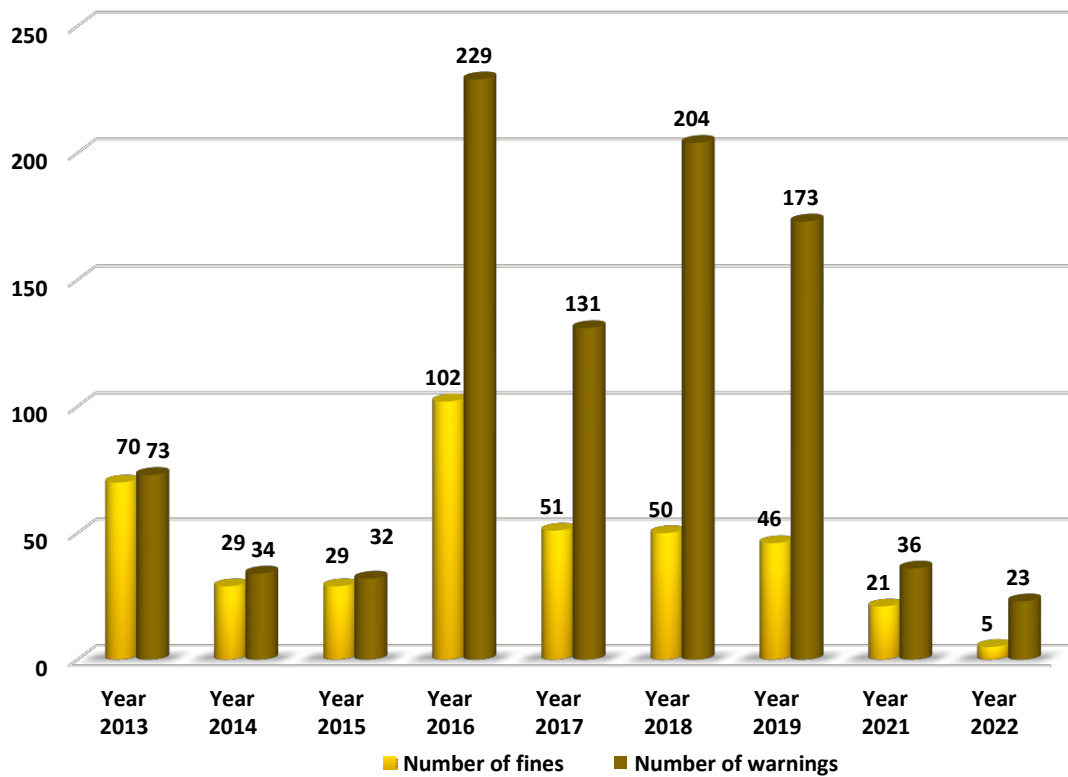
- **1 fine of 25,000 lei** - for non-compliance with Law 129
- **12 warnings** - for non-compliance with Law 129 and Government Decision 603

0 sanctioned entities

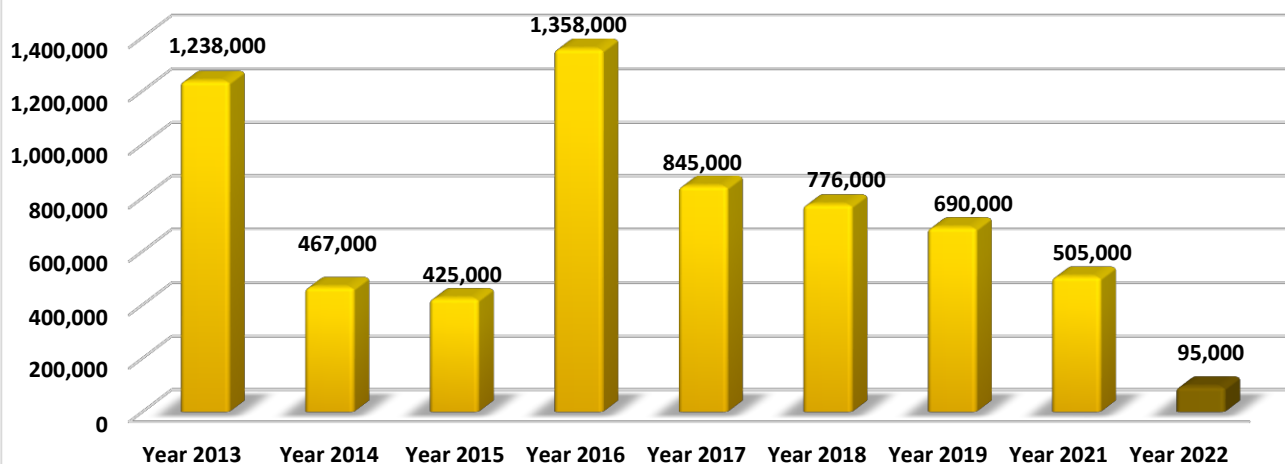
VIRTUAL AND FIDUCIARY CURRENCY EXCHANGE SERVICE PROVIDERS AND DIGITAL PORTFOLIO PROVIDERS - 2 controlled

- **0 fines**
- **0 warnings**

EVOLUTION OF THE NUMBER OF SANCTIONS APPLIED



EVOLUTION OF THE AMOUNT OF FINES IMPOSED



The main areas of activity targeted by the NOPCML's on-site supervision activities in 2022 were:

Areas of activity concerned / County	No. of controlled entities
Service providers for companies and trusts / Bucharest	42
Authorized appraisers / Bucharest	30
Real estate developers / Bucharest, Ilfov	25
Real estate agents / Bucharest	16
Mutual Aid Houses / Bucharest	16
Providers of exchange services between virtual and fiat currencies and electronic wallets suppliers / Bucharest	2
TOTAL:	131

The importance of control activity of reporting entities

Verification and control actions aim to:

- **verify the compliance of reporting entities with primary and secondary legislation in the field of prevention and control of money laundering and terrorist financing** (compliance with the law), leading to an increased awareness of reporting entities of the risk of money laundering and terrorist financing and of the application of international sanctions;
- **train representatives/employees of the controlled entities** in the application and interpretation of the provisions of primary and secondary legislation on the prevention and control of ML/TF;

- **identify, where appropriate, the suspicious money laundering operations/circuits/activities** carried out by/through controlled entities;
- **improve the quality of suspicious transaction reports** by understanding how to apply the measures on the knowledge, acceptance and monitoring of customer, real beneficiaries and risk assessment;
- **increase 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 fight against money laundering and terrorist financing;
- **ensure the conditions** for working meetings with representatives of the management structures of the various liberal professions, concluding new protocols with them and updating/improving existing ones;
- **create a culture of compliance and raise awareness** among reporting entities of the importance of complying with the legal requirements to prevent and control money laundering and terrorist financing, as well as the application of international sanctions;
- **the application of civil sanctions** as a coercive measure resulting from the lack of knowledge/failure to properly apply the legal provisions in this area, resulting in immediate knowledge of the legal provisions in this area and compliance with the law.

Training activity

Based on the provisions of Law no. 129/2019, the National Office for Prevention and Control of Money Laundering organizes trainings in the field of preventing the use of the financial system for money laundering and terrorist financing.

The frequency with which the National Office for Prevention and Control of Money Laundering organised training seminars for each category of reporting entities, took into account the risk of exposure to money laundering/terrorist financing associated with the object of activity of the reporting entities, as assessed in the Supra-National Risk Assessment report of 24 July 2019.

During 2022, according to the annual training plan, the National Office for Prevention and Control of Money Laundering, through the Directorate for Prevention, Supervision and Control, organised a total of 66 training sessions in the field of prevention and control of money laundering and terrorist financing in an online format for all types of reporting entities, attended by approximately 12,000 representatives of reporting entities from all over the country.

**TRAINING SESSIONS ORGANISED BY NOPCML DURING 2022 ON
CATEGORIES OF REPORTING ENTITIES** (referred to in Article 5 of Law 129/2019)

No.	Type of reporting entity	Number of training sessions 2022
1	Lawyers registered in NARB Bars	3
2	Notaries public registered with the NUNPR	3
3	Enforcement Officer registered with the NUJEOR	3
4	Insolvency practitioners registered with NUIPR	3
5	Tax consultants registered with the CTA	3
6	Expert and Licensed Accountants registered with BELAR	2
7	Authorised valuers registered with NAARV	3
8	Financial auditors registered with CFAR	2
9	Gambling service providers licensed by the RNGO	
	-Casinos	2
	-Lotteries and slot machine games outside casinos	1
	-Online betting and gambling houses	1
	-Organisers of bingo activities	1
10	Real estate developers	3
11	Real estate agents	3
12	Business and management consultancy - NACE code 7022	3
13	Persons trading works of art or acting as intermediaries in the art trade / persons storing or trading works of art or acting as intermediaries in the art trade, where this activity is carried out in free zones	3
14	Pawnbrokers - non-bank financial institutions registered in the NBR's record register	3
15	Exchange offices authorized by the Ministry of Finance	2
16	Mutual Aid Houses registered in the register of NBR	2
17	Service providers to companies or trusts , other than those referred to in Article 5(5). (1) (e) and (f) of Law 129/2019	2
18	Non-banking financial institutions registered exclusively in the General Register of the National Bank of Romania and which do not also have the status of payment institution or electronic money institution	2
19	NAMRC-authorized postal service providers who provides payment services	2
20	Digital wallet providers and service providers exchange between virtual and fiat currencies	3
21	Payment service providers (supervised by the NBR)	3

22	Credit institutions (supervised by the NBR)	2
23	Non-bank financial institutions (under supervision of NBR)	2
24	Financial investment companies (supervised by FSA)	2
25	Insurance/reinsurance companies (supervised by FSA)	1
26	Private pension fund administrator (supervised by the FSA)	1
TOTAL TRAINING SESSIONS 2022		66

The training activity for reporting entities, conducted by designated NOPCML staff, had the following objectives:

- ✓ to present clear and structured information necessary for reporting entities to know and understand the legal provisions on the prevention and control of LM/TF;
- ✓ to raise awareness among reporting entities of the importance of complying with the legal provisions on the prevention and control of LM/TF and the implementation of international sanctions;
- ✓ to facilitate the identification and reporting of suspicious transactions by understanding how reporting entities apply measures of knowledge, acceptance and monitoring of customers, real beneficiaries and risk assessment;
- ✓ to present criteria and rules for identifying situations of high or low risk of money laundering and/or terrorist financing, indicators of suspicion and typologies of ML/TF specific to each sector;
- ✓ to present the conclusions of the SNRA, according to the specific field of activity of the reporting entities, in order to increase their awareness of the risks of exposure to the ML/TF phenomenon, with the aim of managing and mitigating the risks of the reporting entities being used in criminal money laundering and terrorist financing activities;

Under the SRSP 2020/137 project.01 on the implementation of the national risk assessment, "*Money laundering and terrorist financing - risk management: Implementation of a national mechanism for assessing and managing money laundering and terrorist financing (ML/TF) risks in Romania*" (project funded by the European Union and the Council of Europe), after the completion and formal adoption of the National Money Laundering and Terrorist Financing Risk Assessment, (NRA), designated speakers from the NOPCML participated from 22-25 November 2022, in awareness raising events for different groups of reporting entities on the main findings of the NRA

During the events (organized both in *physical format* at the *Grand Hotel Bucharest, Romania* and in *online format*), speakers from the NOPCML's Prevention, Supervision and Control Directorate presented, to all categories of reporting entities supervised by them (*lawyers, notaries, insolvency practitioners, bailiffs, company or trust service providers, accountants, valuers, auditors, tax consultants, financial advisors*), *gambling, virtual currency and fiat currency exchange service providers, digital wallet providers, real estate agents and developers, art dealers, NCBs supervised by the NOPCML, bureaux de change, pawnbrokers, mutual societies*) the main findings of the National Money Laundering and Terrorist Financing Risk Assessment (NRA) for Romania, both at the national level and by specific areas of activity.

In the same context, we also mention the participation of the President of the NOPCML in the event "Risk and Compliance. How do we overcome new challenges in a changing environment?" organised by Refinitiv in Bucharest, on 14 September 2022. The President of the NOPCML gave a presentation entitled "Digital Transformation in the Process of Prevention and Control of Money Laundering and Terrorist Financing" in which he presented the Office's operational, strategic and statistical analysis activities, which aim to adapt to technological developments using aggregated data from databases. The presentation also highlighted the main conclusions of the National Risk Assessment on Money Laundering and Terrorist Financing in Romania.

The conferences, which were attended by representatives of the self-regulatory bodies (NARB, NUNPR, NUIPR, NUJEOR, BELAR, CTA, NAARV, CFAR), the NGO and reporting entities from all over the country, were very important and aimed at raising awareness of the risks of money laundering and terrorist financing that reporting entities may face in their activities and the level of risk associated with the different areas of activity, to advise them on the effective application of a risk-based AML/CFT approach, based on the results of the NRA, in order to effectively manage and mitigate the risks of reporting entities being used for criminal money laundering and terrorist financing activities..

Other activities carried out by the Prevention, Supervision and Control Directorate during 2022

1. Participation in the SRSP 2020/137 project.01 "**Money Laundering and Terrorism financing Risks Compliance: Implementing a National Mechanism to Assess and Manage Money Laundering and Terrorism Financing Risks in Romania**", (project funded by the European Union and the Council of Europe), in order to carry out, in accordance with the CoE (Council of Europe) Assessment Methodology, the the first **National Money Laundering and Terrorist Financing Risk Assessment** (covering the period 2018-2020), whereby the staff of the Prevention, Supervision and Control Directorate of the NOPCML was in charge of carrying out the ML/TF risk assessments for the sectors of activity supervised by the NOPCML (by categories of reporting entities).
2. Participation in the development of **the Strategic Action Plan to mitigate the risks identified during the National Money Laundering and Terrorist Financing Risk Assessment** with the proposed measures aimed at prioritising the allocation of NOPCML resources for training, supervision and control of reporting entities in the sectors with the most relevant threats and vulnerabilities.
3. Participation in the **5th Round of the Mutual Evaluation of Romania by the Committee of Experts of the Council of Europe - Moneyval** (which assesses how the Romanian State complies with international requirements on prevention and control of ML/TF) to the following specific activities:

- ✓ Elaboration of answers to the **Technical Compliance Questionnaire** of the 5th of the Moneyval Mutual Evaluation of Romania;
- ✓ Preparation of answers to the **Effectiveness Questionnaire** of the 5th Round of the Moneyval Mutual Evaluation of Romania;
- ✓ Providing Moneyval evaluators with lists of reporting entities to participate in meetings with experts on the evaluation during the on-site visit;
- ✓ Participating in meetings with Moneyval with experts on the evaluation during the on-site visit and formulating responses to requests for information received during the visit;
- ✓ Elaboration of answers to the questions submitted by Moneyval's experts on the evaluation in the Mutual Evaluation Report (MER).

4. Participation in the preparation of responses to a series of questionnaires sent by the European Commission, related to the negotiation process of a new Package of legislative proposals on anti-money laundering and combating the financing of terrorism (the **AML Package**) launched by the European Commission.

5. Drawing up, negotiating and participating in the conclusion of **cooperation agreements** between NOPCML and self-regulatory bodies/NGO.

During 2022 new cooperation agreements were concluded by the NOPCML with NARB, NUNPR, NUJEOR, BELAR, CTA, NAARV and RNGO. The new agreements concluded between NOPCML and the self-regulatory bodies/NGO have as their main objectives: to establish the general framework for the effective implementation, through a risk-based approach (*according to the provisions of art. 26 of Law no. 129/2019*) of the supervision and control of the application of the legal provisions in the field of AML/CFT, by the reporting entities that have self-regulatory bodies and by those in the field of gambling, provided for in art. 5. of Law 129/2019, as well as the implementation in partnership of the training of reporting entities in the specific field of activity, with the aim of increasing the effectiveness of the system for prevention and control of money laundering and terrorist financing.

6. Participation in specific activities carried out as a member of the Foreign Exchange Licensing Commission of the Ministry of Finance.

7. Preparation of opinions on various draft regulations/secondary legislation of self-regulatory bodies (e.g. on *Regulation on the application of legislation in the field of prevention of and fight against money laundering and financing of terrorism, as well as on the implementation of international sanctions, in the context of notarial activity, approved by UNNPR Council Decision No. 77 /2022, Draft GD on the procedure for authorisation and/or registration of virtual and fiat currency exchange service providers and/or digital wallet providers, as well as on the procedure for granting and withdrawing ethnic endorsement, drafting the Office's notification form, pursuant to GEO No. 53/21.04.2022*).

8. Amending Operational Procedure PO-05.01 - Risk-based supervision activity of reporting entities, in order to focus the resources allocated by the NOPCML on high-risk sectors, in line with the findings of the SNRA (Supranational Risk Assessment report of 24 July 2019).

COOPERATION WITH FIU PARTNERS. EUROPEAN AND INTERNATIONAL CONTEXT

Information requests and spontaneous information received in 2022

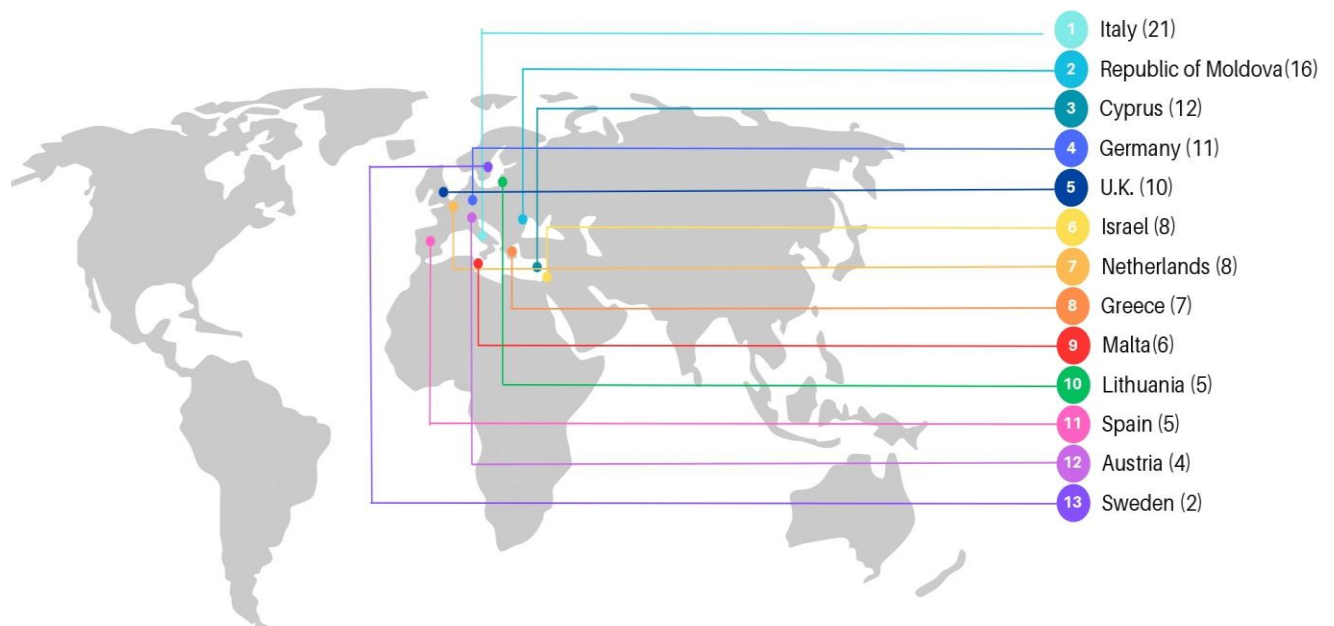
The Office, as the Financial Intelligence Unit of Romania (FIU Romania), has the legal capacity to exchange financial information on its own initiative or upon request, on the basis of reciprocity, through protected channels of communication, with foreign institutions having similar functions or with other competent authorities of other Member States or third countries, which are under an obligation of 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.

The secure channels through which information is exchanged are FIU.net and EGMONT SECURE WEB- ESW).

In 2022, the Office received 217 requests for information through the two communication channels, of which 34 were urgent and 183 were normal, as well as 205 spontaneous requests for information, of which 26 were urgent and 178 were normal.

During the reporting period, the countries from which the Romanian FIU received the most requests for information were: Italy (21), Republic of Moldova (16), Cyprus (12), Germany (11), United Kingdom (10), Israel (8), Netherlands (8), Greece (7), Malta (6), Lithuania (5), Spain (5), Austria (4), Sweden (2).

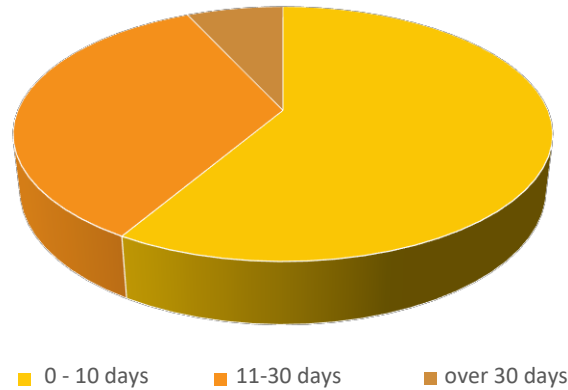
NUMBER OF INFORMATION REQUESTS RECEIVED BY FIU ROMANIA FROM PARTNER FIUs IN 2022



In response to requests for information received from partner FIUs, the Office responded operationally as follows

- 0 - 10 days for a total of 127 requests for information;
- 11 - 30 days for 75 requests for information;
- more than 30 days to 15 requests.

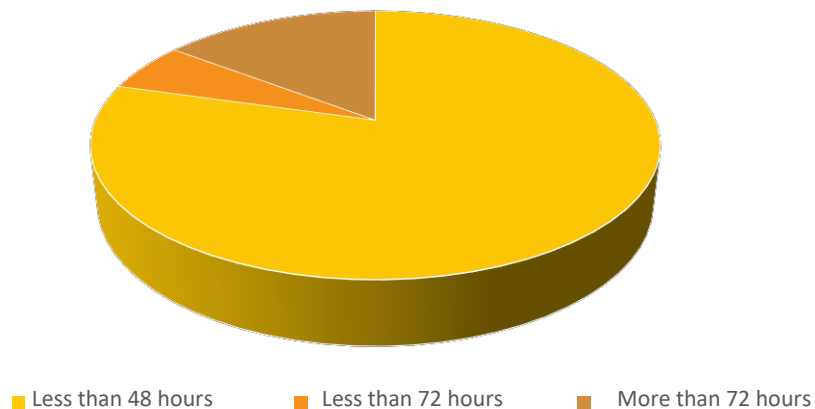
DEADLINE FOR REPLYING TO REQUESTS FOR INFORMATION IN 2022



For the 34 requests for information marked "URGENT" received in 2022, the Office forwarded responses to foreign financial intelligence units as follows:

- in less than 48 hours for 27 requests for information;
- in less than 72 hours for 2 requests for information;
- responded to 1 request for information within 4 days;
- responded to 2 requests for information within 5 days;
- responded to 1 request for information within 7 days;
- responded to 1 request for information within 11 days.

DEADLINE FOR REPLYING TO URGENT REQUESTS FOR INFORMATION IN 2022



During the reporting period, the countries from which the Romanian FIU received the most spontaneous reports were: Germany (48), Malta (44), Austria (30), Luxembourg (12), Slovakia (8), Liechtenstein (7), Belgium (7), Lithuania (6), Moldova (6), Cyprus (5), Denmark (4), Hungary (4), Gibraltar (3), United Kingdom (3), Switzerland (2), Finland (2), Isle of Man (2).

NUMBER OF SPONTANEOUS REPORTS RECEIVED BY FIU ROMANIA FROM PARTNER FIUs IN 2022

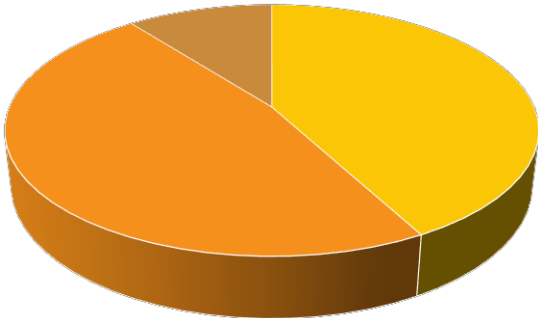


We also mention that spontaneous reports have been sent to the Office for suspected money laundering from various offences (e.g.: purchase of luxury goods by individuals under investigation in Romania, transactional activities not in line with the declared field of activity, chip dumping fraud, remote gambling activities, pimping, fraudulent bankruptcy, human trafficking, large value money transfers without economic justification, fraudulently used accounts, use of transit accounts, cryptocurrency transactions, tax evasion, transfers blocked by banks, compromised emails).

The processing of requests for information received from partner FIUs and Europol has led to cooperation with other Romanian authorities involved in prevention and control of money laundering and terrorist financing: public prosecution units, Romanian Police, NAFA, NBR, National Authority for Citizenship, as well as requests for information from credit institutions.

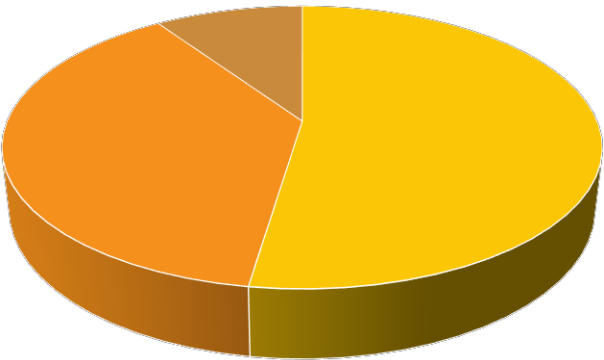
The feedback from partner financial intelligence units on the responses sent by the NOPCML to requests for information received in 2022:

Quality of information provided by the Office



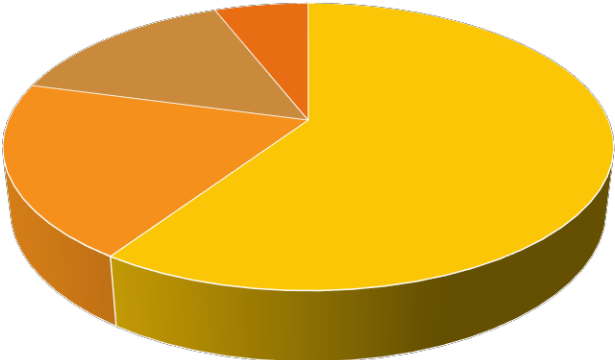
■ Excellent ■ Very good ■ Good

How comprehensive were the Office's replies



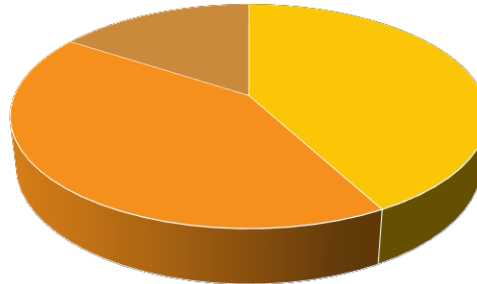
■ Excellent ■ Very good ■ Good

Rapidity of the Office's replies



■ Excellent ■ Very good ■ Good ■ Poor

Usefulness of the information provided in the Office's replies for analysis by other FIUs/law enforcement agencies



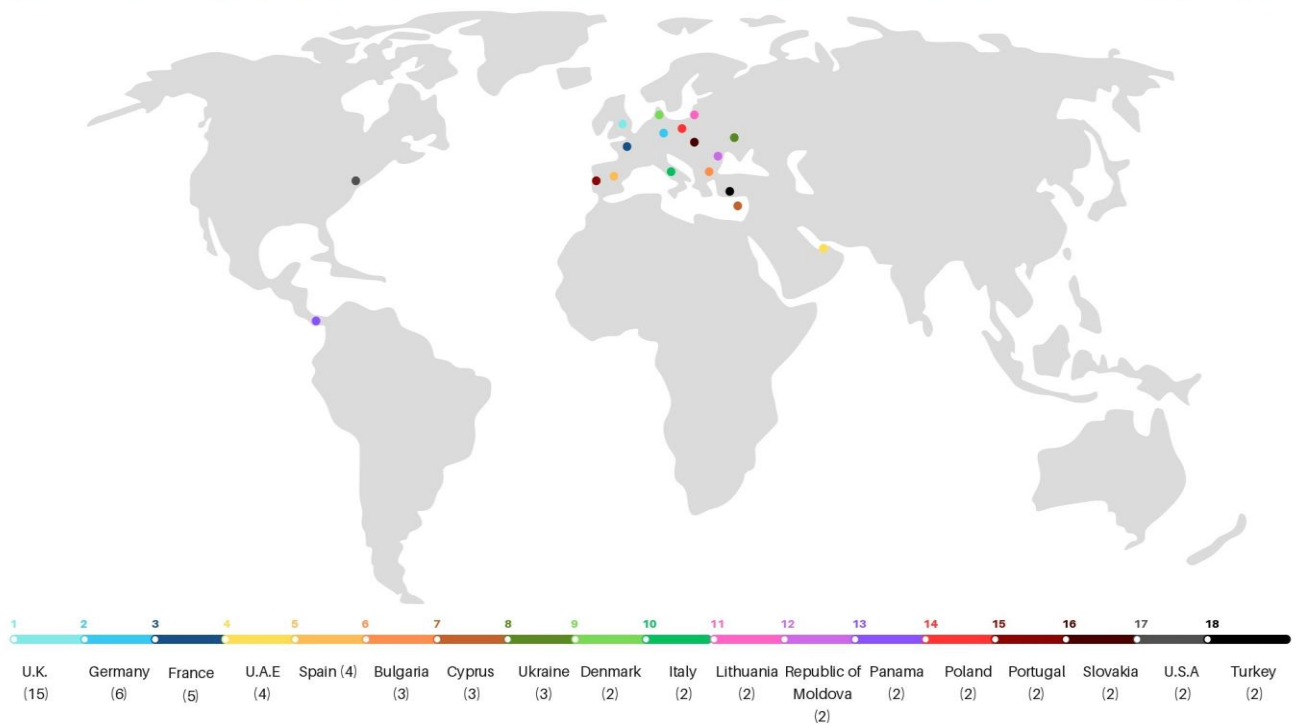
■ Excellent
 ■ Very good
 ■ Good

Requests for information and spontaneous information sent in 2022

In 2022, the Office sent a total of 84 requests for information to FIUs abroad, of which 48 were urgent requests, 36 were normal and 155 were spontaneous information requests.

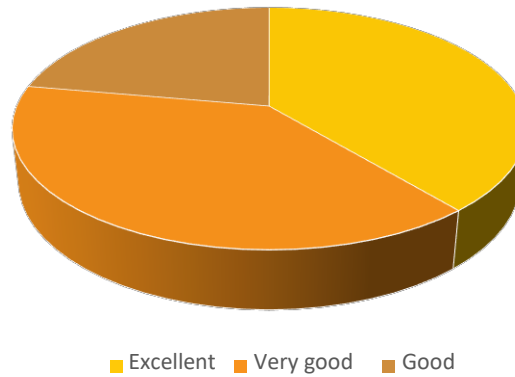
The countries to which the Romanian FIU sent the most requests for information were: United Kingdom (15), Germany (6), France (5), United Arab Emirates (4), Spain (4), Bulgaria (3), Cyprus (3), Ukraine (3), Denmark (2), Italy (2), Lithuania (2), Moldova (2), Panama (2), Poland (2), Portugal (2), Slovakia (2), United States of America (2), Turkey (2).

NUMBER OF REQUESTS FOR INFORMATION SENT BY THE ROMANIAN FIU TO PARTNER FIUs IN 2022



The requests for information have been sent by the Office for suspected money laundering from various crimes (e.g. fraud, tax evasion, embezzlement, blocked bank transfers, smuggling, setting up an organised criminal group, computer fraud, drug trafficking).

Quality of the information requested by the Office

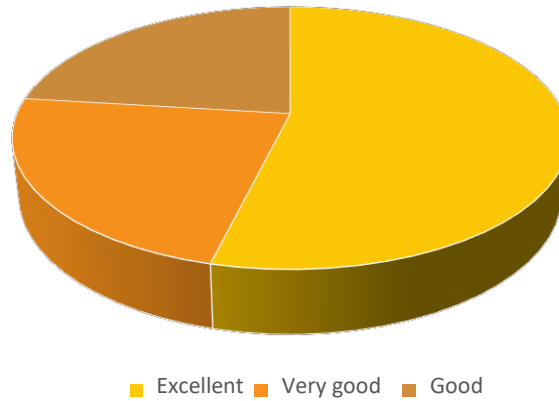


The countries to which the Romanian FIU sent most spontaneous information reports were: Italy (36), Belgium (12), Germany (9), Republic of Moldova (9), France (8), United Kingdom (8), Bulgaria (7), Spain Ukraine (6), Israel (5), United States of America (5), Turkey (5), Poland (4), Greece (3), Malta (3), Hungary (3), Austria (2), United Arab Emirates (2), Ireland (2), Serbia (2), Slovakia (2).

THE NUMBER OF SPONTANEOUS INFORMATION REPORTS SENT BY THE ROMANIAN FIU TO PARTNER FIUs IN 2022

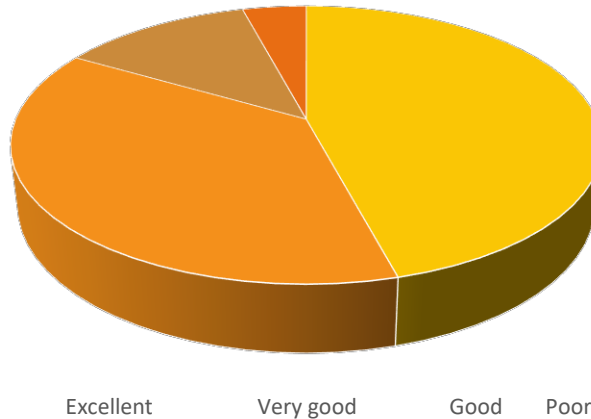


Usefulness and quality of spontaneous information provided by FIU Romania



In accordance with the operational procedure for the exchange of information, requests were made on the basis of suspicions about the actions of individuals and companies indicating possible links with these countries.

Overall satisfaction with the Office's cooperation with partner FIUs



European Affairs and International Relations

The National Office for Prevention and Control of Money Laundering represents Romania and cooperates with the following European and international fora in the field of control of money laundering and terrorist financing (AML/CFT) and the implementation of international sanctions:

European Commission

- EU FIU Platform and the FIU Advisory Group;
- Expert Group on Money Laundering and Terrorist Financing - EGMLTF;
- Committee on the Prevention and Control of Money Laundering and Terrorist Financing (BORIS)
 - interconnection of registers of real beneficiaries) - CPMLTF;

- Expert group on EU sanctions and extraterritoriality.

Council of the European Union

- **Financial Services Working Group** - regular meetings with the EU Council Presidency (France from January to June 2022 and Czech Republic from July to December 2022) to negotiate the legislative package promoted by the European Commission in the area of AML/CFT;
- **ECOFIN** - Economic and Financial Affairs Council (providing position papers/mandate for the Minister of Finance).

National Risk Assessment (NRA)

During 2022, NOPCML continued its work under the *Project SRSP 2020/137.01 "Money Laundering and Terrorism financing Risks Compliance: Implementing a National Mechanism to Assess and Manage Money Laundering and Terrorism Financing Risks in Romania"*, funded by the European Commission through the Structural Reforms Support Programme, on 16.12.2022, in the presence of representatives of the European Commission, the Council of Europe and the main institutions participating in the project, namely the National Office for the Prevention and Control of Money Laundering, the National Bank of Romania, the Financial Supervisory Authority, the Prosecutor's Office of the High Court of Cassation and Justice, the Ministry of Justice, the Ministry of Internal Affairs and the Romanian Intelligence Service.

The fundamental objective of the project was for the Romanian authorities to identify the risks and take the necessary measures to mitigate them, through the efficient allocation of financial, technical and human resources. To this end, the Project developed the *National Money Laundering and Terrorist Financing Risk Assessment (NRA)*, a summary of which is available at www.onpcsb.ro, as well as the *Strategic Action Plan to mitigate the identified risks*.

The NOPCML acted as national coordinator for the *project SRSP 2020/137.01*, which required our institution to play roles on multiple levels, including:

- coordinating the project from a technical point of view (of the actual implementation of the national assessment) simultaneously with the development and finalization of its own contribution to this report, as Romania's Financial Intelligence Unit and one of the main supervisors of the reporting entities under Law no. 129/2019;
- the administrative coordination of the project, i.e. the practical organisation and provision of logistical conditions for all events organised under the auspices of this project;
- coordinating and ensuring the necessary regulatory framework for the correct and full implementation of the project, i.e. initiating, developing and promoting the draft *Prime Minister's Decision No 454/02.09.2022 for the establishment of the Inter-institutional Council for the approval of the National Money Laundering and Terrorist Financing Risk Assessment Report, the National Plan of Measures and their updates*;
- providing leadership to the *Inter-institutional Council for the approval of the National Money Laundering and Terrorist Financing Risk Assessment Report, the National Plan of Measures and their updates*, and the *Secretariat* of this structure, including the development and promotion to

approval of the *Rules of Organisation and Functioning of the Council*;

- the practical organisation and logistical arrangements for the holding of all the meetings of the *Inter-institutional Council for the approval of the National Risk Assessment Report on Money Laundering and Terrorist Financing, the National Action Plan and their updates* where the National Risk Assessment Report was reviewed and approved and the discussions on the Strategic Plan to address the identified risks were initiated.

Among the events organised and managed by the NOPCML as national coordinator within *SRSP 2020/137.01 project* during 2022 we mention:

- training activities carried out by experts appointed by the Council of Europe for the benefit of national authorities in relevant areas, such as conducting financial investigations related to money laundering and terrorist financing, conducting strategic analyses of the criminal phenomena analysed, training of trainers in the field of financial investigations (6 events, over 100 participants);

- ensuring the participation of national experts in activities organised abroad with the aim of exchanging knowledge and experience in areas of mutual interest, such as emerging risks and trends in money laundering/terrorist financing and proliferation, risk-based surveillance in the area of anti-money laundering and counter-terrorist financing (Portugal, France, Slovakia);

- ensuring the participation of national experts in exchange of experience activities organised for national supervisory authorities, with the participation of their counterparts from other European countries such as Spain, Portugal;

- from 22 to 25 November, the NOPCML, together with the ASF and the NBR, with the support of international experts from the Council of Europe, organised a series of presentation events (6 sessions) on the results of the Romanian National Money Laundering and Terrorist Financing Risk Assessment for reporting entities and their self-regulatory bodies, including the NGO.

Organised in a hybrid format (both physical and online), the events were well attended (239 physical participants) and the NOPCML collected 139 feedback forms, which showed a high level of satisfaction (the institutions rated the presentations offered and their usefulness for their current activities as very good/good) and an almost unanimous need to continue and deepen this exchange of information between supervisors, FIUs and supervised entities.

Council of Europe Moneyval Committee

Romania joined the Council of Europe (CoE) following the decision of 4 October 1993, formulated by Resolution No. 37/1993 of the CoE Committee of Ministers, inviting our country to become a member of the Council of Europe. On 7 October 1993, Romania signed the statutory documents and the European Convention on Fundamental Human Rights and Freedoms at the first CoE Summit (Vienna).

Accession to the Council of Europe, an organisation founded on the principles of respect for fundamental human rights and freedoms, for the values of democracy and the rule of law, was an obligatory stage in promoting Romania's steps towards accession to the European Union (EU) and the North Atlantic Treaty Organisation (NATO).

Romania became a member of the Moneyval Committee of the Council of Europe in 1999, following the adoption of the first legislative act in the field of prevention and control of money laundering, Law no. 21/1999, which established the National Office for the Prevention and Control of Money Laundering. Currently, the Moneyval Committee evaluates Council of Europe countries that are either not members of the FATF or that become members of the FATF but wish to continue to be evaluated by Moneyval.

The Mutual Evaluation carried out by MONEYVAL is based on the FATF methodology (FATF Standards), but also covers compliance with the international conventions to which its members are party, as well as with relevant European legislation. On the occasion of the Moneyval Plenary Meeting No. 62 in December 2021, the Romanian authorities took note of the completion of the Moneyval analysis and the adoption of the decision confirming the completion of the 4th round of the Romanian evaluation and the entry into the 5th round of the Moneyval evaluation, which aims in particular at assessing the effectiveness of the national AML/CFT system. The mutual evaluation process of Romania in the framework of the 5th round of MONEYVAL was initiated in October 2002, when the training of the Romanian authorities and institutions with responsibilities in this area on how to conduct this round was organised, and subsequently the technical compliance and efficiency questionnaires, which form the basis of the evaluation report, were received. The Office distributed these questionnaires throughout the AML/CFT system and integrated the input received into Romania's response to Moneyval.

In view of the FIU-to-FIU nature of cooperation and mutual assistance, the NCBOPCB has, since the beginning of the Round V evaluation process, initiated a dialogue with countries such as Poland, Bulgaria, Hungary, Israel, France, Italy, Moldova, Croatia, etc., which is still ongoing.

In March 2022 the Office submitted the integrated national response to the technical compliance and effectiveness questionnaires. According to **the Calendar of the 5th Evaluation Round of Romania**, communicated by the Moneyval Secretariat, the on-site visit of the evaluation team **took place from 21 September to 4 October 2022**.

On 21 September 2022, in the presence of representatives of the Prime Minister and the Minister of Finance, the official opening of the on-site visit of the evaluation team took place, and thereafter until 4 October 2022, all authorities and institutions that are part of the national system for prevention and control of money laundering, as well as self-regulatory bodies, including representatives of the private sector, participated in the discussions/interviews organised during the on-site visit of the Moneyval assessment team, which aimed to assess on the spot the technical compliance, efficiency and effectiveness of the national system for prevention and control of money laundering and terrorist financing.

At the conclusion of the on-site visit, the team of expert on evaluation presented in a neutral note the key findings of the visit, highlighting the efforts of the authorities and institutions involved, but also a number of issues related to the compliance of the national legal framework with the FATF Recommendations, without at that stage highlighting "strategic deficiencies" or rating them.

On 25 November 2022, the Office received the first draft of Romania's Round 5 Evaluation Report, which also included the first ratings of the efficiency and effectiveness of the national system for prevention and control of money laundering, as well as the technical compliance of the Romanian legal framework with the 40 FATF Recommendations.

On 30 December 2022, the national response to the first draft of the Evaluation Report was sent to the evaluators, which included reasoned requests to increase the ratings awarded in the first draft.

European Banking Authority (EBA)

- **AMLSC: Anti-Money Laundering Standing Committee.** The authorities with supervisory powers in the field of AML/CFT (the National Bank of Romania and the National Office for Prevention and Control of Money Laundering) participate in the meetings of this Committee.
- **Supervisory college of Management Financial Group ISco. in cooperation with FIU Bulgaria.** Please note that the legal basis for the formation of such colleges is given by the provisions of Art, 129, 131 and 132 of the CRD (Capital Adequacy Requirements Directive).

Egmont Group of Financial Intelligence Units

The Egmont Group is a complex international professional organisation made up of Financial Intelligence Units in over 165 countries. Egmont's activities aim to ensure cooperation in the field of AMLCFT worldwide. One of the tools used to achieve this objective is the secure information exchange platform.

NOPCML - Financial Intelligence Unit of Romania has been a member of the Egmont Group since 2000. Since 2014, the Romanian FIU has been included in the **Egmont Europe I Region**, together with the FIUs of Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, 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 aimed at ensuring a prolific dialogue with institutions with similar tasks in the European Union/European Economic Community, in order to identify best practices in the exchange of information and the conduct of operational and strategic analyses related to this region.

With regard to the international cooperation activities undertaken by the Office during 2022 with the aim of raising awareness and reducing the level of exposure to criminal phenomena with an impact on Romanian society, the following steps should be mentioned:

- **Project CRAAFT of RUSI Europe**

A workshop on the fight against the financing of terrorism was held in Bucharest on 14-15 June, organised by the Romanian FIU (NOPCML) in cooperation with the Centre for Financial Crime and Security Studies (RUSI Europe) as part of the project CRAAFT - Collaboration, Research and Analysis Against the Financing of Terrorism, which benefits from a grant from the European Commission. The event took place in a physical format and the speakers were internationally recognised trainers.

The workshop on *Managing Terrorist Financing Risk in the Non-Profit Organisation (NPO) Sector* was aimed at members of the private and public sectors in Romania on managing terrorist financing risk in the non-profit organisation (NPO) sector.

The project CRAAFT is an academic research and community-building initiative aimed at building a stronger and better coordinated counter-terrorist financing (CFT) capacity across the European Union and its neighbourhood. The project involves public authorities and private entities

in promoting cross-border networking and targeted research. Among other activities, the project includes the organisation of workshops in different countries to promote cooperation in the field of combating the financing of terrorism between the public and private sectors in the countries participating in the Moneyval mechanism.

The workshop gave the participants the opportunity to learn more about the different options and ways of strengthening cooperation between non-profit organisations, FIUs (Financial Intelligence Units), law enforcement agencies, and supervisory and control authorities in the field of counter-terrorist financing.

The event was attended by a large number of representatives of the NGOs, representatives of Romanian banks, as well as representatives of the authorities/institutions with responsibilities in the field of CFT, namely the Ministry of Foreign Affairs - Office for the Implementation of International Sanctions, the National Bank of Romania, the National Agency of Fiscal Administration and the Romanian Intelligence Service.

- **Finance Against Slavery and Trafficking Initiative (FAST)**

The National Office for the Prevention and Control of Money Laundering, in collaboration with the United Nations University Centre for Policy Research in New York, organized a roundtable on "Human Trafficking and the Risks of Modern Slavery and the Financial Sector in the Republic of Moldova and Romania" on 5-6 July 2022 in Bucharest, Romania.

The Finance Against Slavery and Trafficking (FAST) initiative was launched in September 2019 at the United Nations General Assembly as a project of the United Nations University Centre for Policy Research in New York. FAST is a multi-stakeholder partnership that aims to mobilize the financial sector against modern slavery and human trafficking globally. More information is available at <https://www.fastinitiative.org>.

The event had two main objectives, namely:

1. To raise awareness in the financial sector;
2. To discuss and develop HT/MS indicators and warning signals to improve reporting.

reporting.

Participants:

- Supervisory/regulatory authorities in Moldova and Romania;
- NGOs from Moldova & Romania;
- International Bank (Commerzbank);
- Western Union/MoneyGram;
- ACAMS¹
- OSCE;
- FIU Moldova;
- FIU Romania;
- FIU-the Netherlands;

¹ ACAMS has developed a wealth of knowledge about the risks of human trafficking and modern slavery by certifying thousands of people through an online course.

- FAST.

The most important final outcome of the FAST project is the " Human Trafficking and Modern Slavery Guidance and Typology Report ", which includes:

- Trafficking profile and modus operandi of traffickers in Moldova and Romania;
- Country-specific indicators;
- Behavioural indicator;
- KYC indicators;
- List of industries with high HT/MS risk;
- List of countries with high HT/MS risk;
- Transactional indicators;
- Location-based indicators.

The report has been distributed to the main supervisory authorities, the National Bank of Romania and the Financial Supervisory Authority, for sharing with all credit and financial institutions.

The **courtesy visit of the Director of TRACFIN/FIU France** is noteworthy in terms of international FIU-to-FIU cooperation.

On 02.06.2022, at the initiative of the French side, the President of the Office received a courtesy visit from the Director of TRACFIN, France's financial intelligence unit.

The bilateral discussions mainly covered the following topics:

- bilateral cooperation/exchange of financial information;
- the national and international context in the light of the Russian-Ukrainian war and the sanctions regime adopted against the Russian Federation and Belarus;
- the priorities defined in the AML legislative package negotiated under the aegis of the French Presidency of the Council of the European Union;
- IT systems development;
- development of specialised work on crypto-asset surveillance.

In addition, the Cooperation, International Sanctions and Terrorist Financing Directorate of the Office ensured, during the year 2022, the participation of the NOPCML staff in numerous working groups, conferences, seminars and meetings, at national and international level, on topics relevant to its field of activity, among which we mention:

- ***Inter-institutional meeting on European Affairs, organised by the Ministry of Foreign Affairs on 14 February 2022;***
- ***Meeting of the European Commission Expert Group on EU Sanctions and Extraterritoriality, organised on 25 February 2022, online;***
- ***The White-Collar Crime and Corporate Fraud in Romania 2022 Conference, organised on 3 March 2023, with online participation;***
- ***FIU Platform meeting***, held on 16 March 2022, in online format;
- ***Conference organised by the European Parliament on the AML package launched by the European Commission***, held on 29 March 2022, online participation;
- ***Conference "Proliferation Financing Risks and Trends - Addressing Current Changes"***, held on 21 April 2022 in Prague, Czech Republic;
- ***Workshop on Understanding Crypto Asset are Frozen***, organised by the Academy of European Law on 22 April 2022, online participation;

- **The conference "Understanding Bitcoins and Cryptocurrency Technologies"**, organised by Academy of European Law, 25-26 April 2022, Trier, Germany;
- **The 63rd Plenary Meeting of the Council of Europe's Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)**, held on 16-20 May 2022 in Strasbourg, France;
- **Conference "Legal Developments in Fintech: Now and Beyond"**, organized by the Academy European Law, 30-31 May, online participation;
- **Workshop "Practical Simulation Exercise (TTX) on Romania's National Strategy to Control the Proliferation of Weapons of Mass Destruction"**, 6-8 June 2022, Bucharest, Romania;
- **Training on "Investigation and Prosecution of Terrorist Financing Cases"**, held in 4 - 5 July 2022 in Bucharest, Romania;
- **Scenario-based Training on Financial Investigations**, held from 6 to 7 July 2022, Bucharest, Romania;
- **Egmont Group Plenary 28, Egmont Working Group Meetings and Europe I Regional Breakout Meeting, 11-14 July 2022, Riga, Latvia;**
- **Workshop "Effective implementation of sanctions for AML/CFT breaches - Exchange of experience on good practices between the Spanish and Romanian competent authorities"**, organised on 19-20 July 2022, in Bucharest, Romania;
- **International webinar on monitoring and investigating virtual assets** organised by the EGMONT Group and MENAFATF from 6-7 September 2022;
- **Workshop "Comparative Solutions and Good Practices for FIUs in Strategic and Operational Analysis"**, which took place from 20 to 22 September 2022 in Bratislava, Slovakia;
- **The seminar "Fighting against Money Laundering and Terrorist Financing"**, organised by the competent French authorities from 20 to 23 September 2022 in Paris, France;
- **Training course on strategic analysis**, 11-14 October 2022, in Constanta, Romania;
- **U.S. - European Cryptocurrency Fall Working Group Meeting**, 26-27 October 2022, in Bucharest, Romania;
- **Conference "Risk-based supervision in anti-money laundering and counter-terrorist financing: effective assessment and mitigation of emerging money laundering and terrorist financing risks"**, 27-28 October 2022, Lisbon, Portugal;
- **Conference on Central Bank Account Registers**, 9-10 November 2022 in Malta;
- **The conference "Reassessing the Financing of Terrorism in 2022 (RAFT22)"**, organised at Brussels, Belgium, on 15 November 2022;
- **Train-the-Trainer training course on FATF standards**, held from 21-25 November 2022 at the FATF Training Institute in Busan, Korea;
- **Training of Trainers on Financial Investigations**, 13-15 December 2022, in Bucharest, Romania;

- ***The Workshop "Empowering Women Leaders in International Anti-Money Laundering and Counter Financing of Terrorism"***, 13-15 December 2022, Vienna, Austria;
- ***Expert Group Meeting on Disrupting the Use of Virtual Assets for Terrorist Financing***, organized by the UN Office on Drugs and Crime, 14-16 December 2022, Vienna, Austria;
- ***The 64th Plenary Meeting of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) of the Council of Europe***, held from 5 to 9 December 2022 in Strasbourg, France.

In the same context, of the active presence of the NOPCML in events that addressed issues relevant to its field of activity, we mention the participation in the following events:

- ***Parliamentary Intelligence Security Forum***, which took place on 08 July 2022 in Bucharest. During the session "Illicit Finance, Illicit Trade and Money Laundering", Mr. Adrian Cucu, President of NOPCML, presented, among other things, the reasons why the issue of international sanctions is a major challenge for the current economic and political environment at both regional and global level.
- ***"The Civil Society Advancing Beneficial Ownership Transparency (CSABOT)" National Event***, organised by Transparency International Romania in Bucharest on 20 July 2022. During his presentation, the President of the NOPCML shared with the audience the lessons learnt from the almost three years of implementation of the legislation on the Register of Real Beneficiaries in Romania, including the steps taken by the Office to ensure compliance with European legislation and to ensure the avoidance of a litigious infringement procedure against Romania.

INFORMATION TECHNOLOGY, DATABASES AND STATISTICS

Computer system

Information Technology, Databases and Statistics Directorate (ITDSD) ensured the proper functioning of the entire hardware/software infrastructure operated at the NOPCML level and supporting 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 reports of cash, external transfers, fund transfers, suspicious transactions and related messages;
- management of databases on cash transactions, external transfers and remittances;
- ensuring the exchange of information with the POHCCJ and other beneficiaries of the analysis products;
- managing and operating the national FIU.net and EGMONT nodes for the exchange of information with European and international partners;
- ensuring that the Office's analysts have access to the external data sources needed to perform their tasks;
- generating reports on the use of the systems;
- introducing of new reporting entities to the platform;
- managing and providing support for all users;
- active participation in the training of reporting entities both by providing the necessary IT support and by supporting the training on the online reporting system;
- taking inventory of the physical documents and starting the electronic archiving process by handing over more than 2600 boxes of documents;
- redesigning the design and structure of the website, as well as updating the content information;
- at the end of 2022, the IT specialists of the ITDSD supported the relocation of the institution and reconfigured the structure of all the systems serving both reporting entities, internal staff and all other institutions cooperating with the ONPCML in accordance with the law, in a record time of 4 days, for the proper functioning of the national system for prevention and control of money laundering.

Also last year, the NOPCML carried out the contract for the implementation of the Integrated Information Analysis System under the 2021 contract.

The system is scheduled to go into production in mid-2023. Key features of the new system include:

- complete management solution for the processes of data acquisition (reports, information and requests) - processing - analysis - dissemination - statistics - archiving;
- ability to retrieve data from reporting entities' IT systems in an efficient, secure and consistent manner via web services and API (Application Programming Interface) with data translation, firewall and access control functionality;
- capabilities to automatically record in electronic format all reports submitted by reporting entities in special electronic registers;
- implement electronic distribution/approval/signing workflows to eliminate the circulation of paper documents in the organisation;
- Extract-Transform-Load (ETL) capabilities to extract, process, validate and load data into a data warehouse;
- capabilities to connect to national databases or registries held by public institutions in Romania via web services and API (Application Programming Interface) with data conversion, firewall and access control functionalities;
- search capabilities in data sources that do not have APIs or other standard connectors;
- social network search capabilities;
- capabilities to monitor transactions reported by legally obliged entities to identify suspicions of money laundering and terrorist financing in accordance with defined detection scenarios;
- generate a single alert based on the aggregation of results for an individual/legal entity by combining detection scenarios. This will provide an overview of the individual/legal entity by aggregating scenarios and risk factors, enabling analysts to make decisions based on the risk identified;
- allows analysts to conduct targeted searches for money laundering/terrorist financing;
- has fuzzy search algorithms that allow analysts to identify all potential matches (including transliterations, misspellings, typos and phonetic transcriptions) in a browsing interface or to set up detection scenarios for data monitoring;
- full -text indexing of documents attached to suspicious transactions;
- network charting capabilities to display entities and financial flows, including geospatial information (overlaid on a map);
- the elimination of manual operations required to process the reports taken daily from the reporting entities and to enter them into the Office's databases;

- electronic management of control and supervision processes.

For the year 2023, in addition to the successful completion of the implementation of the new integrated IT system, ITDSD has set itself the following goals:

- developing new typologies covering the area of crypto-assets;
- developing advanced statistical and strategic analyses, highlighting trends specific;
- updating the Office's web presence;
- finalising the new forms for reporting under Law 129/2019 by updating and completing them.

Strategic analysis

Strategic analysis is the process of developing knowledge, using available data/information to generate results that provide insight and a better understanding of different activities, behaviours and environments of interest.

In general, strategic analysis is not linked to individual cases, but may be in the rare cases where an individual case has strategic implications.

At the same time, strategic analysis involves addressing recurring money laundering and terrorist financing trends and practices, the results of which help the Financial Intelligence Unit and other authorities to understand different and emerging money laundering and terrorist financing patterns and trends.

Thus, the outcome of the strategic analysis is to identify trends, patterns and indicators on money laundering and terrorist financing operations, identify weaknesses in order to develop a plan to remedy them, formulate appropriate recommendations for the results obtained.

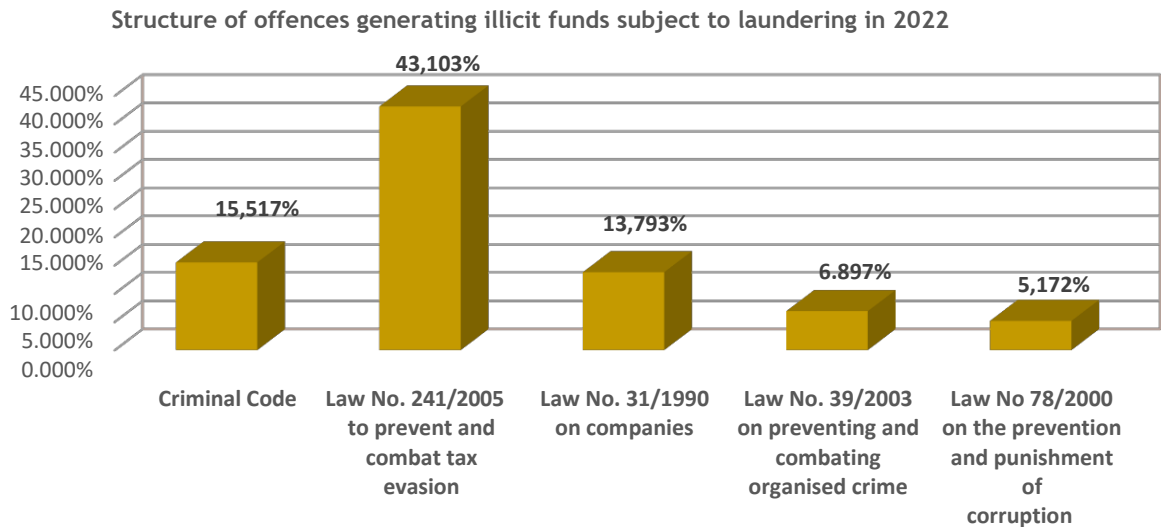
Strategic analysis also helps to identify the country's surrounding and internal risks, which in turn helps to set priorities for addressing these risks and to determine the mechanism for mitigating them.

The work carried out in 2022 for the strategic review focused mainly on development of guidelines, analysis reports, typologies. For example:

- Guide on suspicion indicators and typologies for the year 2022 (in the preparation of which information received by the Office in accordance with the provisions of Law 129/2019 was used);
- Guide on suspicious indicators and typologies of money laundering in the real estate market (in the preparation of which information from external sources was used, as well as information received by the Office in accordance with the provisions of Law no. 129/2019);
- Analysis reports based on the cash declarations submitted under Article 3 of the EU Regulation 2018/1672 of the European Parliament and of the Council of 23.10.2018 on controls of cash entering or leaving the EU and repealing Regulation (EC) No 1889/2005, on entry/exit from the European Union through Romanian border points;
- Analysis of the structure of the offences generating illicit funds subject to the laundering process in 2022, nationality of the suspects who were the subject of the information disseminated

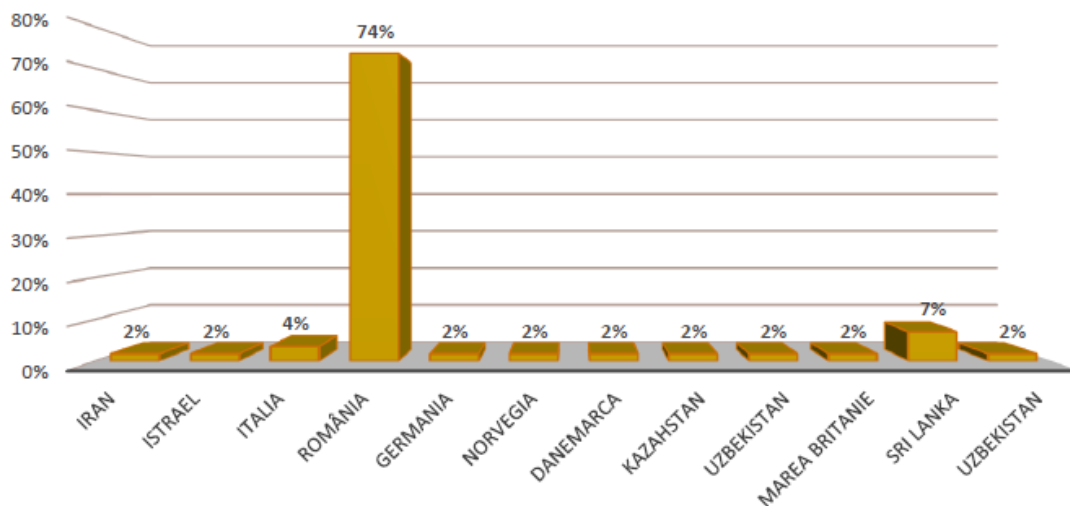
in 2022 by the Office to the Public Prosecutor's Office of the High Court of Cassation and Justice, and the areas of activity involved.

The analysis showed that the main crime generating illicit funds was, as in 2021, tax evasion, followed by deception/fraud and offences under Law No 31/1990 on companies, republished:



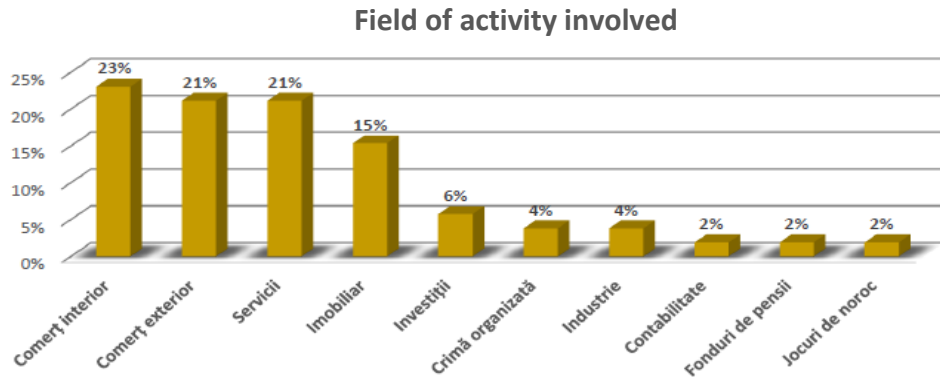
In terms of the nationality of the suspects, the main share is held by persons of Romanian nationality, followed by persons of Sri Lankan nationality and persons of Italian nationality.

Citizenship of Suspected Persons 2022



IRAN	ISRAEL	ITALY	ROMANIA	GERMANY	NORWAY	DENMARK	KAZAKHSTAN	GREAT BRITAIN	SRI LANKA	UZBEKISTAN
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The main sectors of activity from which the laundered money originated in 2022 were:

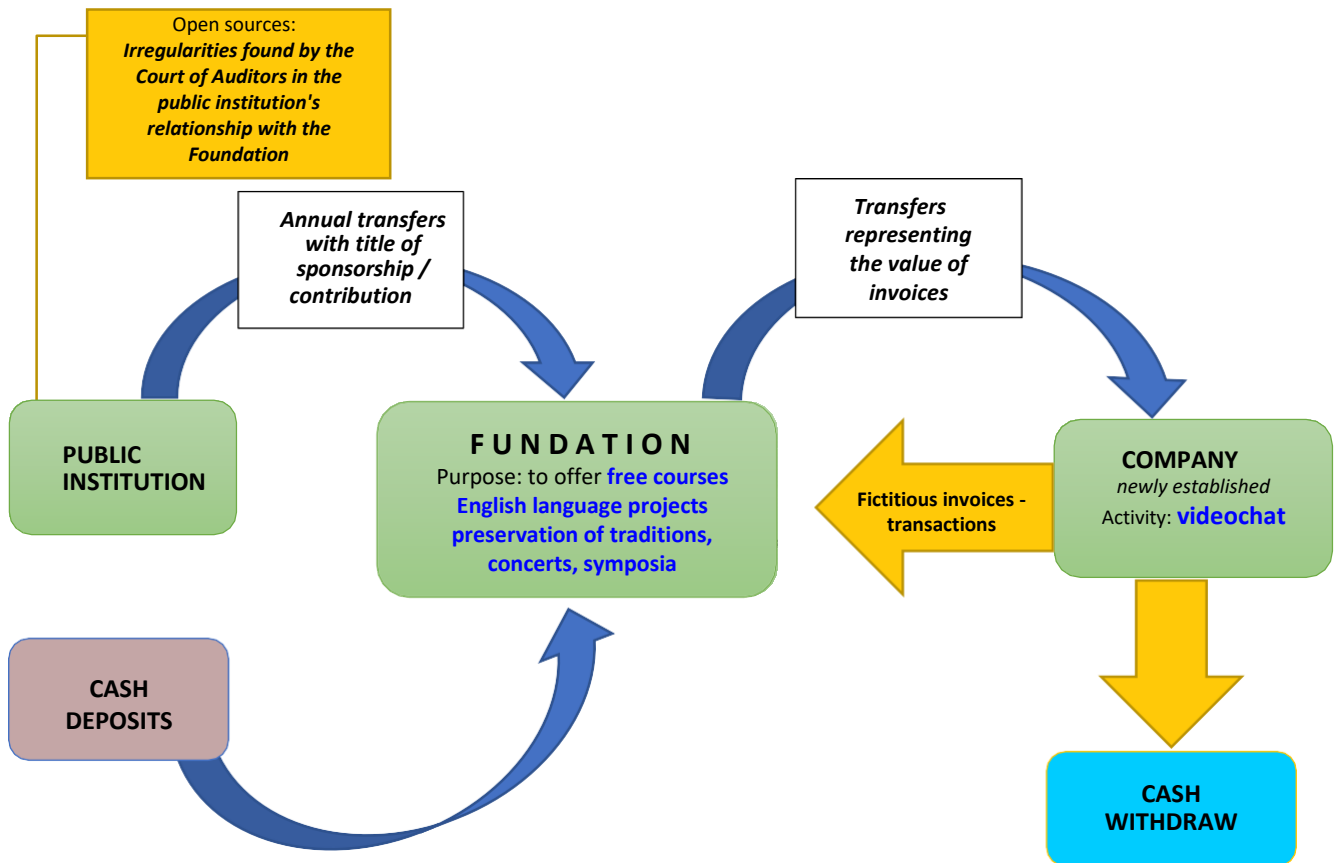


Internal trade	External trade	Services	Real Estate	Investments	Organized crime	Industry	Accounting	Pension funds	Gambling
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■ Typologies identified in relation to the involvement of NGOs in money laundering ring or other crimes (analysis conducted for the period 2019 - 2022).2022).

Examples of cases:

CASE 1 - Use of a foundation as an intermediary in the transfer of funds of possibly illicit origin.



Case description:

Over the course of a year, the account of a foundation whose aim was to provide free English language courses, to carry out projects to preserve the folk traditions and to organise concerts and symposia, was replenished with funds transferred by a public institution, by way of sponsorship and annual contributions. The Foundation's accounts were also replenished by cash deposits made by the authorised person with the justification of 'revenue from sales'.

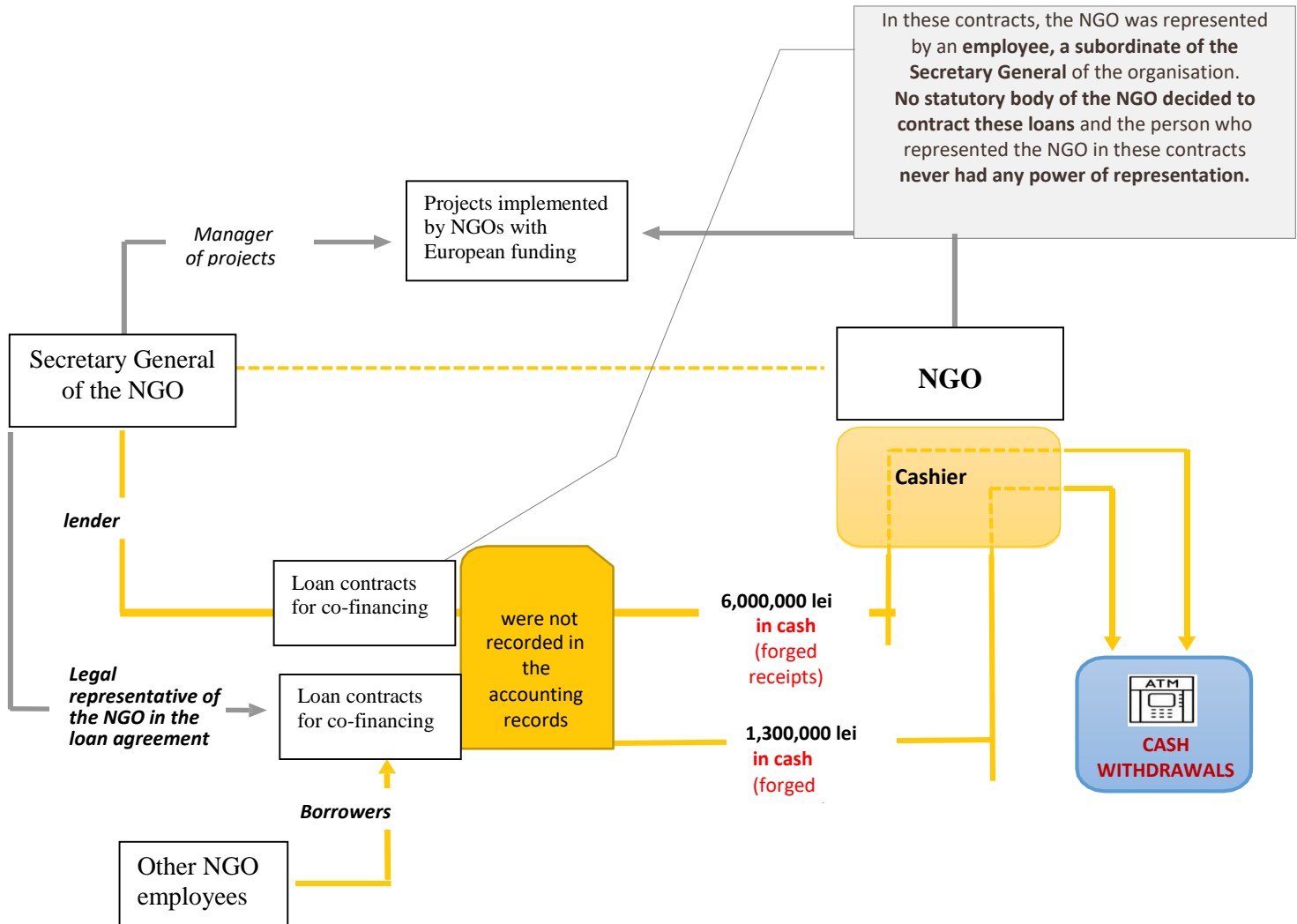
Most of the funds collected in this way on the Foundation's account were transferred to the account of a newly established company whose main activity was "Other recreational and entertainment activities", but from the documents submitted and the declaration of the legal representative it appears that the activity carried out in the company was videochat. The transfers from the Foundation's account to the company's account were marked "Invoice No. .../Date..." and the funds were withdrawn in cash from the company's account shortly after receipt (the same day or the next day).

The consultation of open sources revealed the existence of a press article stating that the auditors of the Court of Auditors had discovered numerous irregularities in the relationship between the public institution and the Foundation.

Thus, taking into account the characteristics of the financial operations carried out through the accounts held by the Foundation and the company, in combination with the completely different areas of activity of the two entities, it could be reasonably assumed that the documents (invoices) issued by the company to the Foundation did not contain real operations but were only used to give the bank transfers the appearance of legality.

Subsequently, through the cash withdrawals made, the representatives of the company tried to conceal the possibly illicitly obtained funds, a hypothesis also supported by the information obtained in connection with the result of the audit carried out by the Court of Auditors on the public institution that was the original authorising officer of the funds withdrawn in cash.

CASE 2 - Transfer to an NGO's account, on the basis of fraudulent loan agreements, of funds intended to co-finance projects financed by European funds.



Case description:

Several loan contracts were concluded between a non-governmental organisation (borrower) and its Secretary General (lender), the NGO being represented in these contracts by an employee subordinate to the lender. These contracts were allegedly concluded in order to ensure the co-financing of projects carried out by the NGO with European funds.

According to an extra-judicial accounting expertise requested by the NGO, no statutory body of the NGO decided to contract these loans, and the person who represented the NGO in these contracts never had powers of representation.

At the same time, according to the report of the NGO's censors committee, the loan contracts were **not brought to the attention of the NGO's governing bodies** and were **not recorded in the organisation's accounts**.

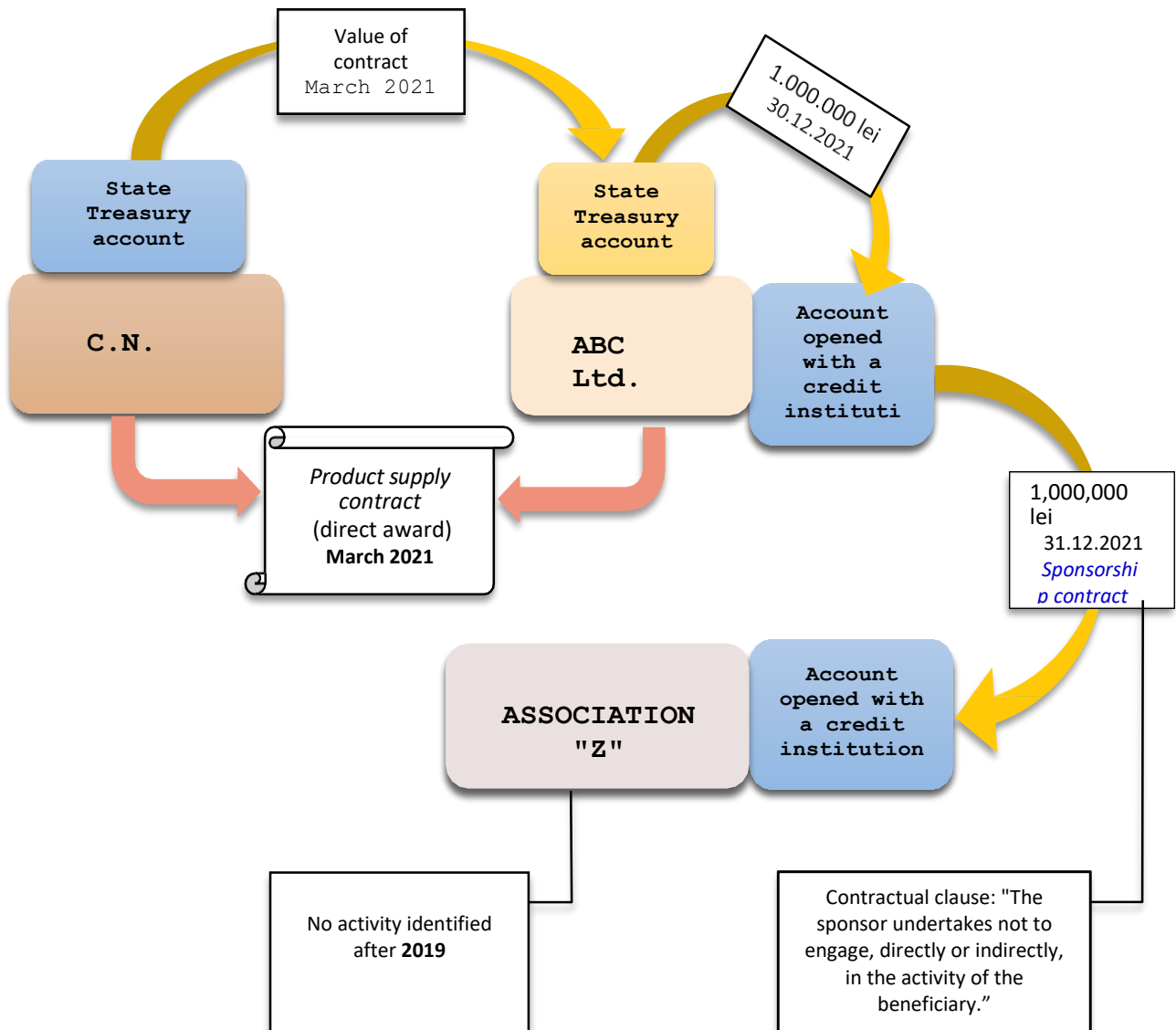
All the so-called loan amounts were not transferred via the bank, but were **granted in cash**, which raised **suspicious about the reality of these loans**, since the amounts were **spent immediately, also in cash**, with the explanation "*payment of project salaries*" (e.g.: salary in the amount of 32,000 lei/month, the only document concluded in this regard was the payment receipt).

The receipts for the deposit of cash at the NGO's cashier's office showed signs of forgery, as they were not issued by the person responsible for this matter, and on some receipts an attempt was made to imitate the signature of this person, while on others the signature was illegible. In addition, the series of receipts were outside the 'plates' of the receipts purchased by the NGO (this was evident from an address of the printing house where they were purchased).

At the same time, the Secretary General represented the NGO without authorisation in other loan contracts concluded with other persons employed by the organisation, one of whom has been convicted of the offence of complicity in the use or submission, in bad faith, of false, inaccurate or incomplete documents or declarations in order to obtain funds from the European Union budget.

Using a method that bypassed the financial banking system, i.e. granting cash loans on the basis of illegally concluded loan contracts and receipts with elements of falsification, funds of uncertain origin were brought into the NGO's cashier's office and immediately spent, also in cash, on the pretext of granting project salaries.

CASE 3 - Involvement of an Association in the transfer of funds of illicit origin



Case description:

In March 2020, C.N. SA concluded a contract with ABC Ltd., by direct award, for the supply of consumables.

Following the conclusion of this contract, ABC Ltd.'s account with the Treasury was credited with funds transferred from C.N. SA's account, from which a total amount of 1 million lei was transferred to the company's account with a credit institution on 29 and 30 December 2020.

On 31 December 2020, the sum of 1 million lei was transferred by ABC Ltd. to the "Z" Association, an association that aims to support, promote, develop and implement a healthy lifestyle. The transfer was made under the title of "sponsorship according to contract", the sponsorship being granted "to support the social activities of the association". One of the obligations laid down in the sponsorship contract was that "the sponsor undertakes not to engage, directly or indirectly, to direct the activity of the beneficiary".

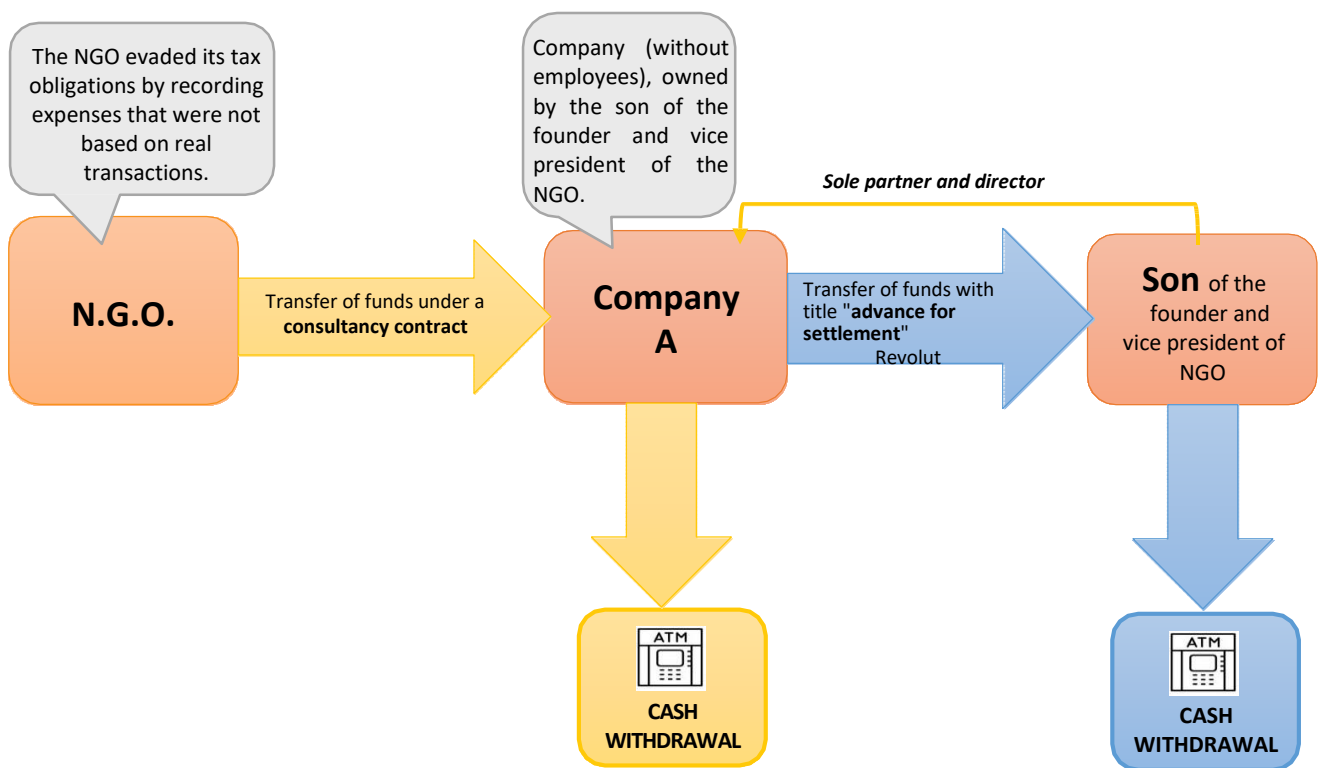
However, according to information available in open sources (including the association's

page created on a social media site), the activities organised by the association appear to have taken place only until October 2019.

Subsequently it turned out that the products delivered under the contract concluded by C.N. SA with ABC Ltd. did not comply with the requirements of the contract and that they had been purchased by C.N. SA at an inflated price. As a result, criminal proceedings were instituted for abuse of office, bribery, complicity in influence peddling, incitement to intellectual falsification and using one's position for personal gain.

Thus, part of the funds possibly obtained from the commission of offences were transferred as sponsorship to a non-governmental organisation, choosing as transfer period the last days of the year.

CASE 4 - Use of a foundation's accounts in financial circuits for the purpose of cashing out funds derived from tax evasion



Case description:

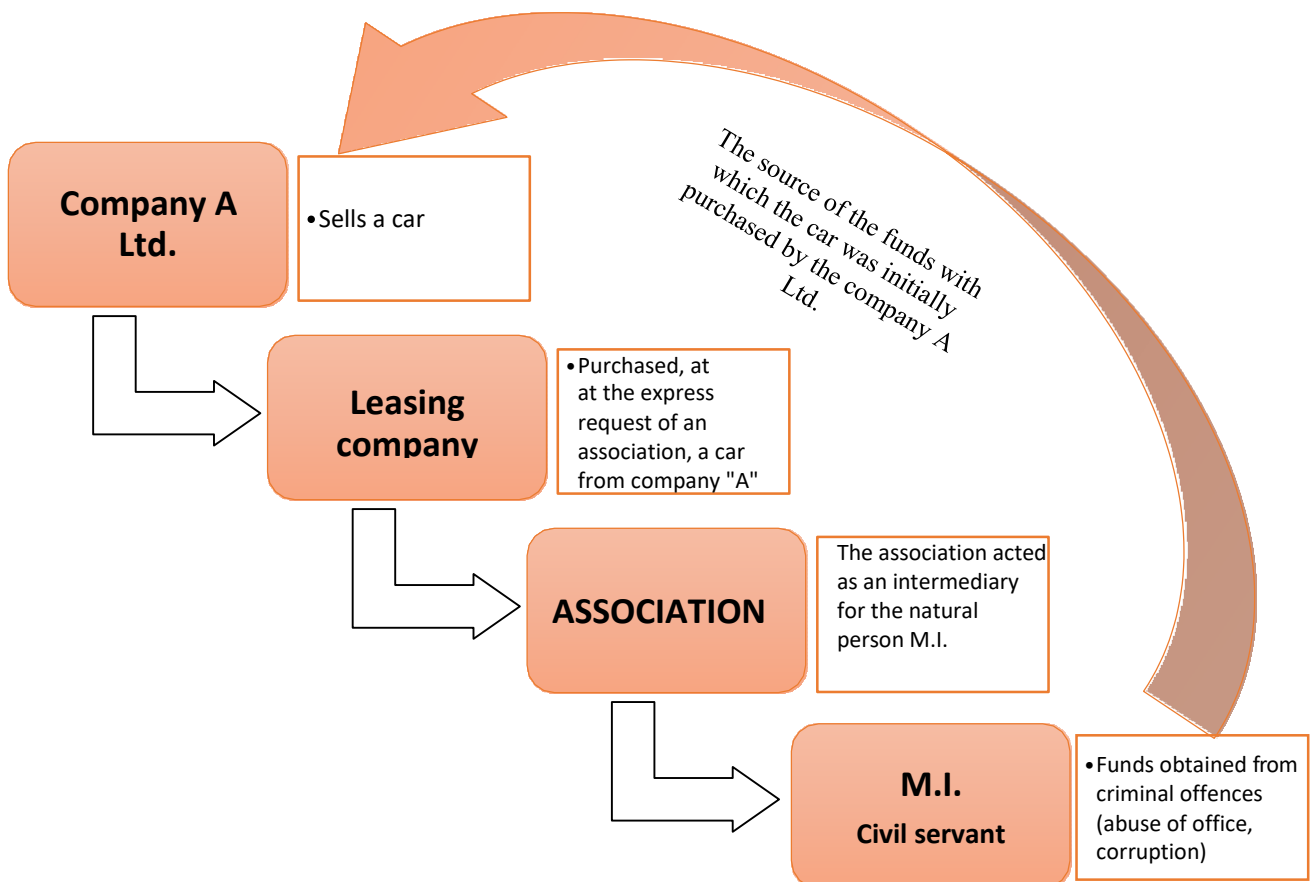
The analysis started from a STR sent to the Office by a reporting entity, concerning a (small value) receipt recorded on the account of company A Ltd., the amount being transferred by a foundation and the explanation being "invoices". The supporting document presented was a consultancy contract concluded between the Foundation (as beneficiary) and company A Ltd. (as supplier).

The Foundation's activity was "pre-school education" and the company with which the consultancy contract was concluded had as its main activity "Business and management consultancy activities", had no employees and was owned by the son of the founder and the vice-president of the Foundation in question.

The analysis revealed that in the course of one year, transfers were made from the Foundation's account to the company A Ltd. for a total amount of approximately 600,000 lei with the explanation "invoices", the main destination of these funds being cash withdrawals and card payments via Revolut to the company's shareholder with the explanation "advance for settlement". The funds transferred to the company originated from the Foundation's current receipts from various individuals/legal entities, representing tuition fees and the equivalent of invoices.

According to Article 15(2) of the Tax Code, tuition fees are not included in the category of non-taxable income, so the NGO is liable for tax on this category of income. This, together with the fact that the founder and the vice-president of the Foundation are the parents of the person who was the sole shareholder and director of the company with which the Foundation concluded the consultancy contract (privately signed deed), and the fact that the funds received by the company from the Foundation were mostly withdrawn in cash from the ATM, led to the assumption that the Foundation's accounting documents recorded expenses that were not based on actual transactions (in this case consultancy expenses), thus evading tax obligations.

CASE 5 - Use of an association as an intermediary for the transfer to the real beneficiary of an asset acquired with funds obtained through corruption and abuse of office



Case description:

Company A Ltd., whose main activity is the maintenance and repair of motor vehicles, purchased a luxury car with funds obtained from criminal offences (abuse of office, corruption) provided by the real beneficiary of the asset, M.I. (civil servant).

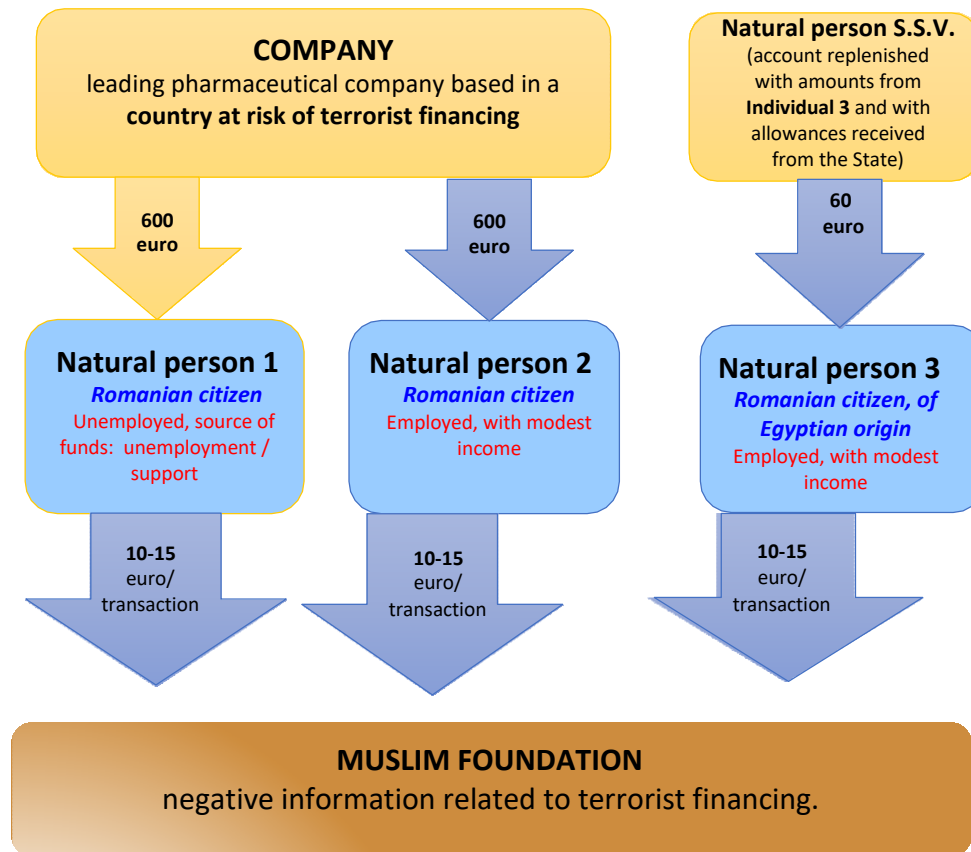
Subsequently, at the express request of the civil servant, an association - for humanitarian

and charitable purposes - asked a leasing company to purchase the luxury car owned by the aforementioned company, in order to lease it to the association for a period of 60 months. In fact, the car was not used by the association but by the natural person M.I., the real beneficiary of the asset.

Thus, the ownership of the luxury car passed successively from A Ltd. to the leasing company and then to the association, which was to become the owner of the asset at the end of the 60-month leasing period, during which the car was actually used by the real beneficiary, M.I.

Thus, by concluding sale-purchase and financial leasing contracts, an attempt was made to conceal the illegal origin of the goods, the real beneficiary of the goods acting through intermediaries - the company A Ltd. and an association.

CASE 6 - Repeated small value transfers via internet banking by three individuals with similar profiles to a Muslim foundation about which there was information linked to terrorist financing



Case description:

Profile of the individuals involved: three Romanian citizens, one of whom is of Egyptian origin; unemployed, with unemployment benefits as a source of funds or modest income from wages;

Transactions reported: small-value transfers (10-15 euro/transaction), initiated via internet banking, from the account of the three individuals to a Muslim foundation, with the explanation "Zakat" (donation specific to the Muslim religion)._

Source of funds involved in these transactions: proceeds from a company based in a country at risk of terrorist financing (leading pharmaceutical company, two transactions of approximately €600 each) and a receipt from an individual (€60).

Open-source information: negative information on the Muslim Foundation, in relation to terrorist financing.

Statistical analysis

This chapter presents statistical reports on cash transactions, foreign transfers and transfers of funds for money remittance activity carried out in the period 01.01.2022 - 31.12.2022 and registered in the databases of the National Office for Prevention and Control of Money Laundering in 2022.

I. DEPOSITS / WITHDRAWALS IN CASH > 10,000 Euro

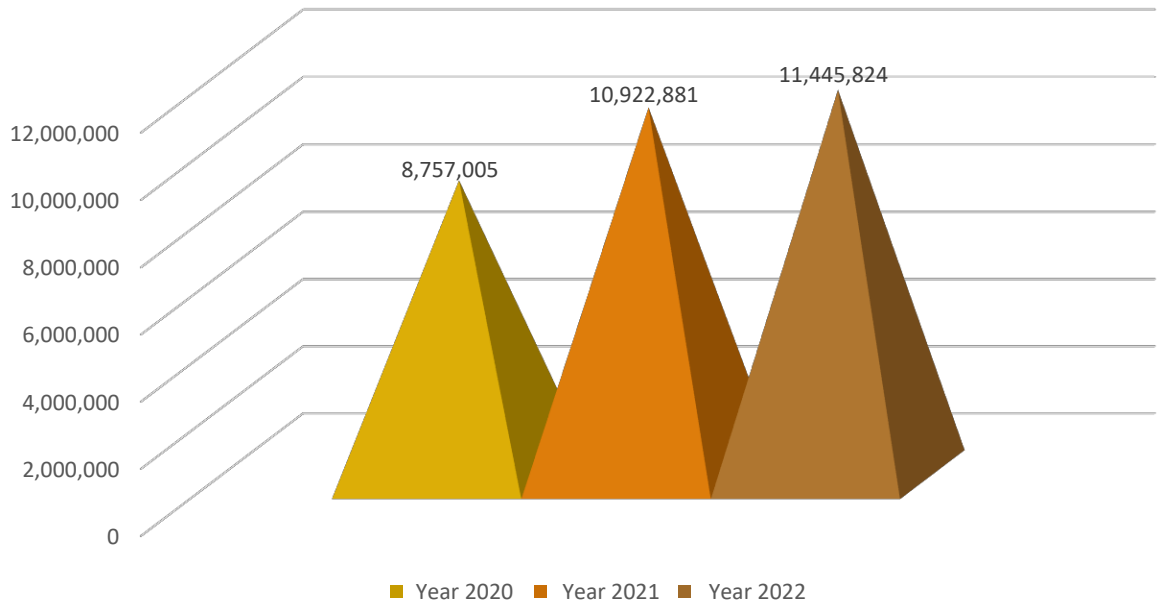
The databases of the National Office for Prevention and Control of Money Laundering recorded 16,210 reports of cash transactions received from reporting entities during 2022.

The 16,210 reports cover a total of 11,445,824 transactions, of which 9,293,727 were cash deposits totalling 59,335,681,090 euro and 2,152,097 cash withdrawals totalling 21,871,360,839 euro. The main reporting entities are banks with 5,453 reports, gambling operators - sports betting - with 4,096 reports and foreign exchange operators with 3,095 reports.

Dynamics of the number of reports and the number of cash transactions, between 2020 and 2022

Tracked data	Year 2020	Year 2021	Year 2022
No. of reports	17,842	16,491	16,210
Total no. of operations	8,757,005	10,922,881	11,445,824

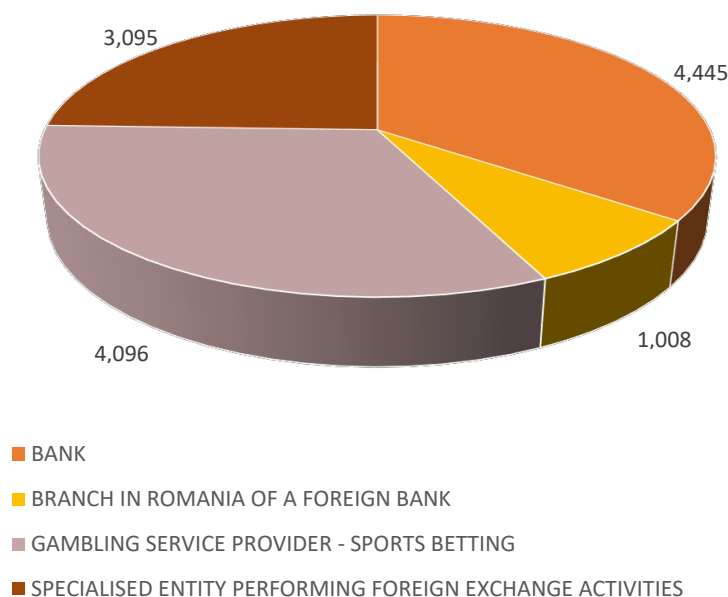
Dynamics of the number of cash transactions, in the years 2020, 2021, 2022



Structure of the number of cash transaction reports recorded in 2022, by type of reporting entity

Type of reporting entity	No. of reports
BANK	4,445
BRANCH IN ROMANIA OF A FOREIGN BANK	1,008
GAMBLING SERVICE PROVIDER - SPORTS BETTING	4,096
SPECIALISED ENTITY PERFORMING FOREIGN EXCHANGE ACTIVITIES	3,095

Number of cash transaction reports in 2022 by type of reporting entity

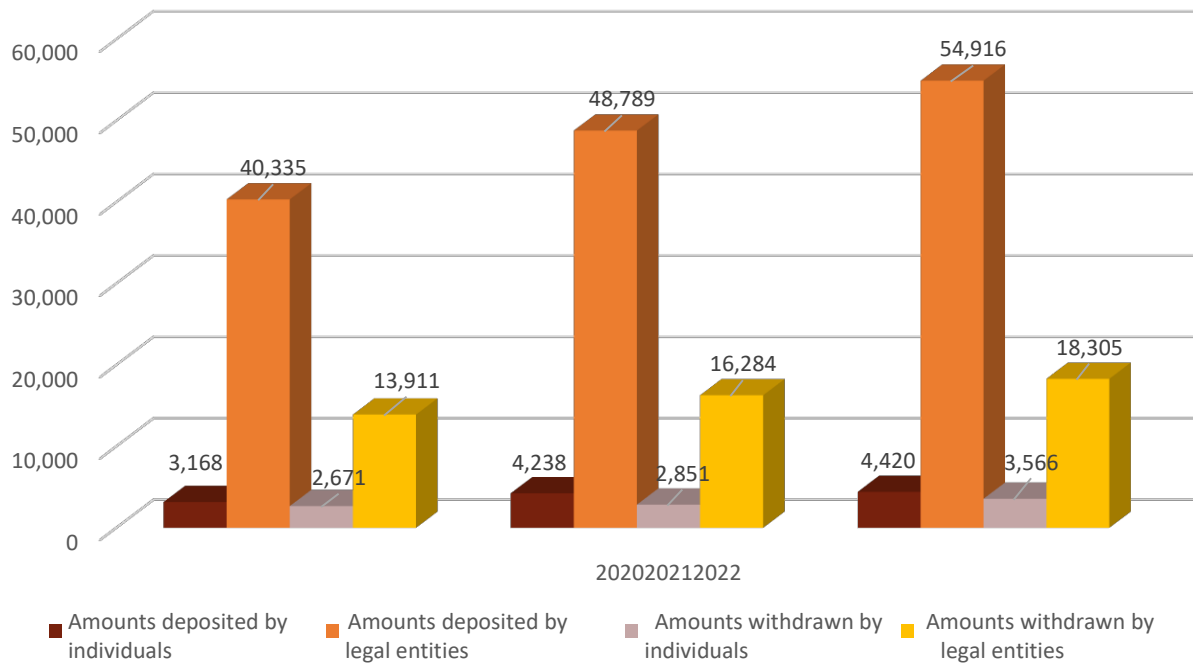


The evolution and structure of cash deposits and withdrawals by individuals/legal entities over the period 2020-2022 are shown below:

Cash transactions between 2020 and 2022 - million euro -

Tracked data	Year 2020	Year 2021	Year 2022
Amounts deposited by individuals	3,168	4,238	4,420
Amounts deposited by legal entities	40,335	48,789	54,916
Total amounts deposited	43,503	53,028	59,336
Amounts withdrawn by individuals	2,671	2,851	3,566
Amounts withdrawn by legal entities	13,911	16,284	18,305
Total amounts withheld	16,582	19,135	21,871

Dynamics of cash transactions over the period 2020-2022 (million euro)



Number of cash deposits/withdrawals made by natural persons / legal entities, in the period 2020 - 2022

Tracked data	Year 2020	Year 2021	Year 2022
Cash deposit operations by individuals	271,043	357,422	386,019
Cash deposit operations by legal entities	7,180,390	8,692,472	8,907,708
Total cash deposit operations	7,451,433	9,049,894	9,293,727
Cash withdrawal operations by individuals	364,969	459,174	539,795
Cash withdrawal operations by legal entities	940,603	1,413,813	1,612,302
Total cash withdrawal operations	1,305,572	1,872,987	2,152,097

**Total number of cash deposits/withdrawals broken down
on transactions in national currency and transactions in foreign currency
- million operations-**

Year 2020			Year 2021			Year 2022		
TOTAL Transactions	National currency	Foreign currency	TOTAL Transactions	National currency	Foreign currency	TOTAL Transactions	National currency	Foreign currency
8,8	8,2	0,6	10,9	10,3	0,6	11,4	10,8	0,6

II. INTERNATIONAL MONEY TRANSFERS > 10,000 Euro

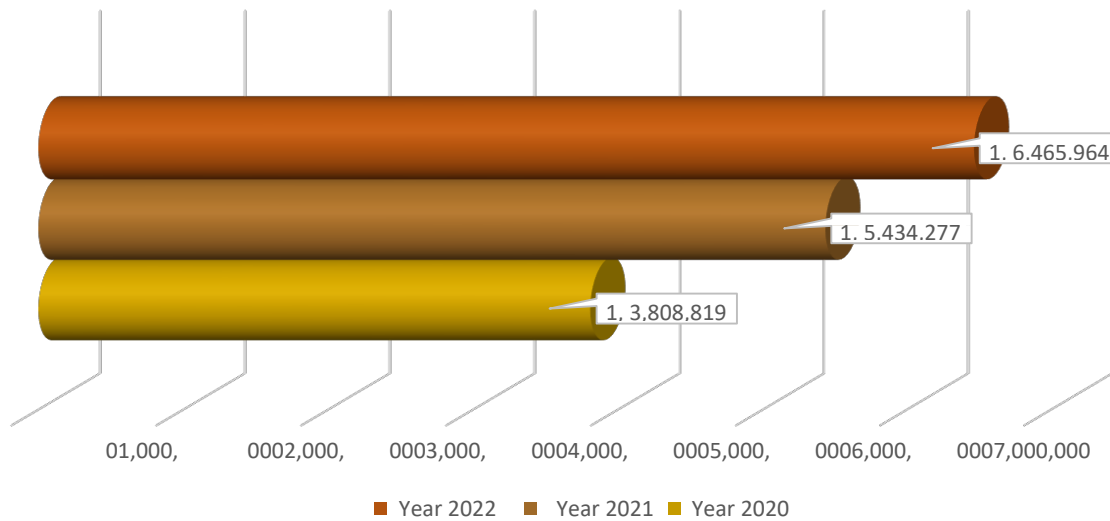
The databases of the National Agency for the Prevention and Control of Money Laundering registered 6,923 reports of international money transfers to and from accounts in Romania, comprising 6,465,964 transactions received from reporting entities in 2022.

The main reporting entities are: banks - 6,044 reports, non-bank financial institutions – financial leasing - 249 reports, investment management companies - 168 reports, system/market operator - 139 reports, insurer/reinsurer - 117 reports, Romanian branch of a foreign financial institution - 107 reports.

**Dynamics of the number of reports and the number of international money transfers,
between 2020 and 2022**

Tracked data	Year 2020	Year 2021	Year 2022
No. reports	5,980	6,283	6,923
Total no. of operations	3,808,819	5,434,277	6,465,964

Dynamics of the number of international money transfers in 2020, 2021, 2022



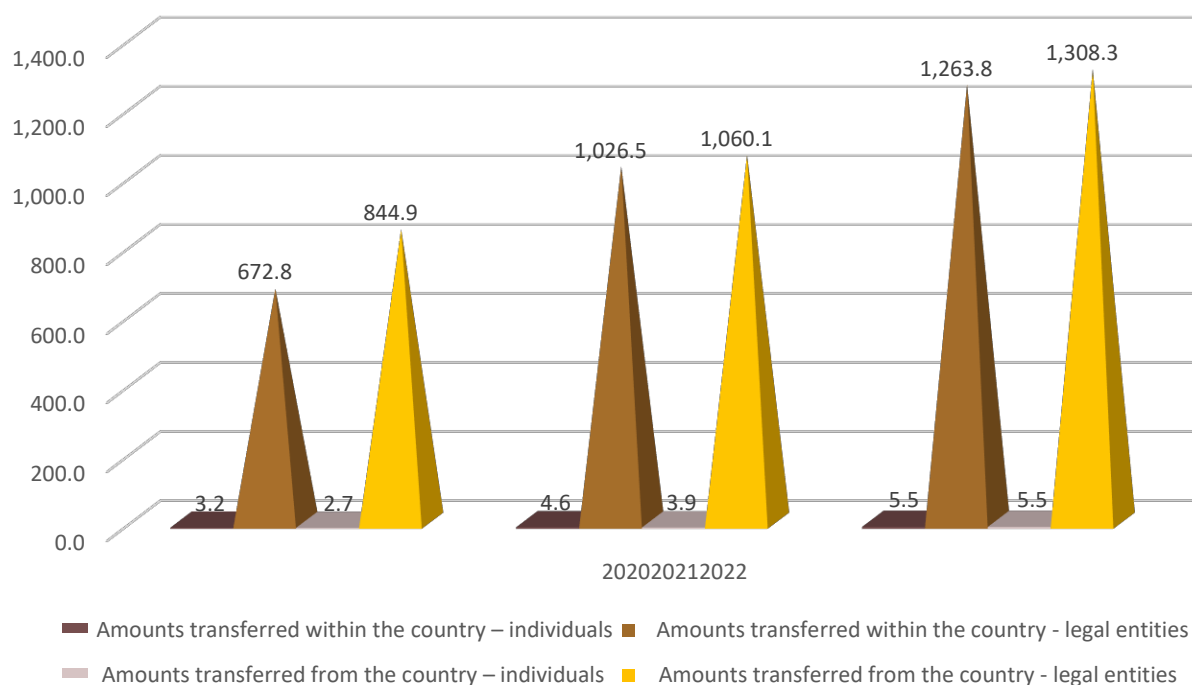
The evolution and structure of the amounts of international money receipts and payments by natural/legal persons in 2020, 2021 and 2022 are shown below:

Amounts transferred to/from Romania between 2020 and 2022

- billion euro-

Tracked data	Year 2020	Year 2021	Year 2022
Amounts transferred into the country by individuals	3,2	4,6	5,5
Amounts transferred into the country by legal persons	672,8	1.026,5	1.263,8
Total amounts transferred into the country	676,0	1.031,1	1.269,3
Amounts transferred out of the country by individuals	2,7	3,9	5,5
Amounts transferred out of the country by legal persons	844,9	1.060,1	1.308,3
Total amounts transferred from the country	847,6	1.064,0	1.313,8

Dynamics of international money receipts and payments in the period 2020 - 2022 (€bn)



Total number of international money transfers broken down by domestic and foreign currency transactions

- million operations-

Year 2020			Year 2021			Year 2022		
TOTAL Transactions	National currency	Foreign currency	TOTAL Transactions	National currency	Foreign currency	TOTAL Transactions	National currency	Foreign currency
3,8	1,2	2,6	5,4	2,0	3,4	6,5	2,5	4,0

III. TRANSFERS OF FUNDS FOR REMITTANCE ACTIVITIES > 2,000 Euro

In 2022, the databases of the National Office for Prevention and Control of Money Laundering registered 814 reports of money transfers for remittance activity received from specialized entities providing payment services. These reports contain 37,380 transactions totalling 89,588,031 euro.

Transfers of funds for remittance activity reported in 2021 and 2022

Tracked data	Year 2021		Year 2022	
	Number of operations	Amount (euro)	Number of operations	Amount (euro)
Internal transfers	5,945	19,633,126	10,042	34,304,852
Transfers from Romania to abroad	148	352,358	384	914,553
Transfers from abroad to Romania	2,746	6,653,228	26,954	54,368,626
TOTAL	8,839	26,638,712	37,380	89,588,031

Please note that in 2021 transfers of funds for remittance activities have been reported to the NOPCML starting from May 2021.

Total number of transfers of funds for remittance activity broken down by transactions in national currency and transactions in foreign currency in 2022

- thousands of operations-

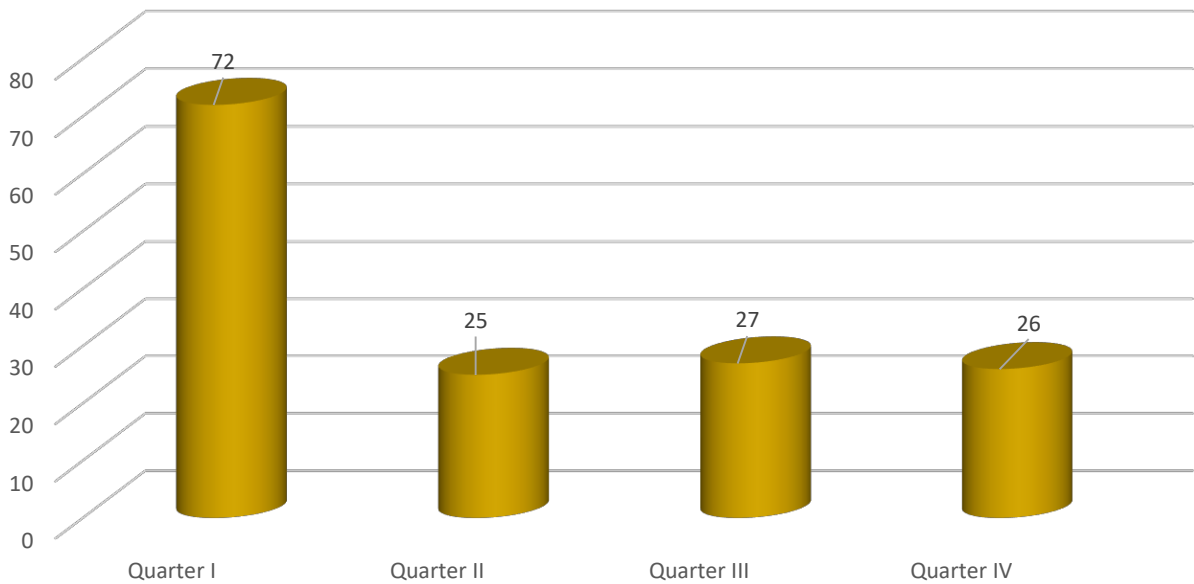
Year 2022		
TOTAL transactions	National currency	Foreign currency
37,4	11,3	26,1

IV. PROVIDING FEEDBACK FOLLOWING SUSPICIOUS TRANSACTION REPORTS

The Office provided, on a quarterly basis, feedback to reporting entities and prudential supervisory authorities under whose jurisdiction the reporting entities fall, on the effectiveness and actions taken by them as a result of suspicious transaction reports recorded in 2022, with 150 addresses and related statistical statements which were prepared and sent as follows:

Beneficiaries	Number of feedback addresses			
	Quarter I	Quarter II	Quarter III	Quarter IV
Reporting entities	67	23	25	24
Prudential supervisory authorities	5	2	2	2
TOTAL	72	25	27	26

Quarterly feedback provided to each reporting entity and prudential supervisory authority in 2022 (number of documents)



V. PROVIDING, UPON REASONED REQUEST FROM THE NATIONAL BANK OF ROMANIA / FINANCIAL SUPERVISION AUTHORITY, THE INFORMATION THAT THE OFFICE POSSESSES IN ACCORDANCE WITH ITS LEGAL ATTRIBUTIONS

Pursuant to Article 33(6) of Law 129/2019, as amended, in order to fulfil the legal obligations incumbent on the National Bank of Romania and the Financial Supervisory Authority, the Office shall provide, at their reasoned request, information on persons and entities posing a risk of money laundering and terrorist financing.

Tracked data	Year 2022
Number of requests from the NBR	108
Number of natural persons subject to requests	359
Number of legal persons subject to requests	252

Document Management - Registry, Secretariat, Archives

Secretariat, Registry, Archives Directorate (until 17.10.2022 inclusive), transformed into a department as from 18.10.2022 and placed under the Information Technology, Databases and Statistics Directorate

- ensured the receipt and dispatch of documents, both paper and electronic format, via the postal services, courier services and the Office's secure networks;
- recorded and managed:
 - 17,469 C XXII documents (STRs, referrals, requests for information, spontaneous reports);
 - 3,722 confidential documents;
 - 7,200 non-classified documents;
- sent a total of 2,731 documents by special (military) post, for which 304 delivery notes were drawn up;
- sent through CN Poșta Romană (*n.t. - national postal operator*) a number of 125 works, for which 43 delivery notes were drawn up;

- managed and registered a number of:
 - 3,158 internal confidential documents;
 - 4,368 internal non- classified documents;
- sent 388 documents by fax, e-mail and delegate;
- ensured the multiplication of documents through the registry and the secretariat;
- ensured the transmission and receipt of documents electronically and by fax;
- handled calls from outside and inside the institution;
- ensured the transfer of documents within the institution;
- took custody of and handed over the boxes used to relocate the facility.

Protection of Classified Information

The Classified Information Protection Department has ensured the implementation of measures for the protection of classified information managed within the institution, and has ensured the relocation of classified documents in its possession to the new administrative headquarters of the NOPCML under maximum security conditions.

All employees of the institution have security clearances/permissions for access to classified information at various levels of classification, with differentiated access to such information on a need-to-know basis.

All the employees of the Office were trained in the protection of classified information in three training sessions organised by the CIPD on "Concepts and rules for the protection of classified information provided for by specific legislation and internal rules", "Security of EU classified information" and "Security incident".

Persons directly responsible for the protection of classified information have participated in training and refresher programmes organised by the institutions empowered by law to coordinate and control measures for the protection of classified information (NROCI, RIS).

During 2022, 212 documents were added to the register of documents classified as "State secret"; 408 documents were declassified and marked accordingly; the lists of positions and persons having or requiring access to classified information and the authorisations for access to classified information held by the Office's staff were updated.

LEGAL ACTIVITY

The following structures operate within the Directorate for Legal Affairs, Methodology and Relations with Parliament: Legislation, Endorsement and Methodology Service, Litigation and Administrative Disputes Service, Petitions Settlement Department.

I. The main activities carried out by the Legislation, Endorsement and Methodology Service consisted of:

- **Analysing and endorsing for legality the draft legislative acts initiated by the Office through the Ministry of Finance, and carrying out the legislative procedures necessary for their entry into force, including supporting these drafts before the authorities and the specialised committees of Parliament.**

In 2022, the Office initiated and completed the necessary legislative procedures for the entry into force of the following normative acts:

- Emergency Ordinance No 53 of 21 April 2022 on amending and supplementing Law No 129/2019 on prevention and control of money laundering and terrorist financing, as well as amending and supplementing certain legislative acts, published in the Official Gazette of Romania No 394 of 21 April 2022;

- Emergency Ordinance No 123 of 14 September 2022 on amending Law No 129/2019 on prevention and control of money laundering and terrorist financing, as well as amending and supplementing certain legislative acts, published in the Official Gazette of Romania No 906 of 14 September 2022;

- Government Decision no. 1.243 of 12 October 2022 amending and supplementing the Regulation on the organisation and functioning of the National Office for Prevention and Control of Money Laundering, approved by Government Decision no. 491/2021, and amending Annex no. 2 to Government Decision no. 34/2009 on the organisation and functioning of the Ministry of Finance, published in the Official Gazette of Romania no. 1007 of 18 October 2022;

- Prime Minister's Decision No 454 of 2 September 2022 on the establishment of the Inter-institutional Council for the approval of the Report on the National Assessment of Money Laundering and Terrorist Financing Risks, the National Plan of Measures and their updates, published in the Official Gazette of Romania No 868 of 2 September 2022;

- Order of the President of the NOPCML no. 145 of 20 May 2022 on the approval of the form and content of the notification provided for in Article 30² of Law no. 129/2019 on prevention and control of money laundering and terrorist financing, as well as amending and supplementing certain legislative acts, published in the Official Gazette of Romania no. 523 of 27 May 2022.

• Attending meetings of Parliament's specialised committees, where the following draft legislation was debated:

- Draft Law for the approval of Government Ordinance no.9/2021 on the establishment of measures to facilitate the use of financial information and financial analysis for the prevention, detection, investigation or prosecution of certain offences - became Law 169/2022;

- Legislative proposal on the trade register - became Law no.265/22.07.2022,

published in the Official Gazette of Romania No 750 of 26 July 2022.

- **Analysing and issuing points of view and/or endorsing the following draft legislative acts initiated by other institutions or public authorities:**

- Draft Government Decision approving the procedure for the authorisation or registration of virtual and fiat currency exchange service providers and/or digital wallet providers, as well as the procedure for granting and withdrawing technical approval;

- Draft Government Decision on the approval of the methodology for developing, implementing, monitoring, evaluating and updating government strategies - became Government Decision No 379 of 23 March 2022;

- Draft Government Decision on the approval of the National Strategy in the field of prevention and control of weapons of mass destruction and delivery means 2020-2025;

- Legislative proposal to complete Art. 11 paragraph (3) of GEO no. 97/2005 on the registration, domicile, residence and identity documents of Romanian citizens (registered in the Senate under no. B614 and L91/2022);

- Draft Law on the trade register and for the modification and completion of other legislative acts having an impact on the registration in the trade register (registered at the Chamber of Deputies under No. PL-x No. 133/21.03.2022);

- Legislative proposal on the trade register and the register of non-profit legal entities (registered at the Chamber of Deputies under No. PL-x No. 61/21.02.2022);

- Draft Emergency Ordinance to amend and supplement the Emergency Ordinance Government Decision No 202/2008 on the implementation of international sanctions;

- Draft Order of the Minister of Finance No 1532/2022 issued in application of the provisions of Government Decision No 635/2022 on the procedure for consulting the associative structures of local public administration authorities in the preparation of draft legislative acts - has become Order of the Minister of Finance No 1532/2022;

- Draft Emergency Ordinance amending and supplementing GEO no. 20/2013 for the establishment, organization and functioning of the National Gambling Office and amending and supplementing GEO no. 77/2009 on the organization and operation of gambling;

- Regulation on the application of the legislation in the field of prevention and control of money laundering and terrorist financing, as well as on the application of international sanctions, in the notarial activity, approved by NUNPR Council Resolution No. 77/2022;

- Draft Sectoral Norms on the application of the Law no. 129/2019 for prevention and control of money laundering and terrorist financing, as well as for amending and supplementing some legislative acts, in the field of services provided by accounting professionals, members of the Body of Expert and Licensed Accountants of Romania;

- Draft Law for the modification and completion of some legislative acts in order to increase financial inclusion (registered in the Romanian Senate under no. Bp.667/2022);

- Draft law for the ratification of the Agreement between the Government of Romania and the Government of Palestine on cooperation in prevention and control of organised crime, terrorism and other crimes, signed on 19 July 2022 in Bucharest;

- Proposals to amend and supplement Government Ordinance No.26/2000 on associations and foundations.

- **Analysing and endorsing for legality 334 orders issued by the President of the Office and other acts involving the financial liability of the institution.**

- **Drawing up answers to four questions from Members of Parliament, in consultation with the Office's specialist directorates.**

- **Analysing and formulating views at the request of authorities and institutions competent, in consultation with the Office's specialist directorates where appropriate.**

II. The main activities carried out by the Litigation and Administrative Disputes Service consisted of:

Representing and defending the Office's legitimate rights and interests before the courts in relation to natural or legal persons, through the designated persons in the Litigation and Administrative Disputes Service, on the basis of the mandate given.

During 2022, the Office dealt with a total of 20 cases pending before the Romanian courts, as follows:

- 6 disputes pending before the Court of First Instance, which concerned complaints against the application of the legal sanction for summary offense provided for by Law No. 129/2019, with subsequent amendments and additions, for a total amount of 169,500 lei, which were settled in favour of the Office;
- One dispute concerning a complaint against the application of the legal sanction of 25,000 lei for summary offences provided for by Law No. 129/2019, as amended and supplemented, which was dismissed both on the merits and on appeal;
- 4 disputes pending before the Court of Appeal which concerned complaints against the application of the legal sanction for summary offense provided for by Law No 129/2019 as amended and supplemented, for a total amount of 146,000 lei, which were settled in favour of the Office;
- one dispute is currently pending before the court of first instance, concerning a complaint against the application of legal sanction for summary offense provided for by Law No 129/2019 as amended and supplemented, in the total amount of 80,000 lei;
- one dispute was settled during 2022 in favour of the Office for the recovery of the sum of 21,751 lei as damages of a salary nature;
- 2 disputes concerning claims - salary rights, the courts have ruled in favour of the claimants;
- 2 disputes are pending before the first instance court - suspended, as the claimant has not complied with the obligations laid down by the court;

- 2 disputes pending before the higher courts concerning claims and tort liability;
- in one dispute, the Office has recovered a bail amounting to 1,000 lei, following a final judgment by the court.

III. **The main activities carried out by the Petitions Settlement Department were as follows:**

- Analysing and formulating **241 written replies** to requests based on **G.O. no. 27/2002** on the regulation of the petition's settlement activity, with subsequent amendments and additions;
- Formulation of **248 replies** to the petitioners in order to ensure an efficient implementation of their obligations under **Law no. 129/2019** on prevention and control of money laundering and terrorist financing, as well as amending and supplementing some legislative acts, with subsequent amendments and additions.

FINANCIAL AND HUMAN RESOURCES

Budget and budget execution

The National Office for Prevention and Control of Money Laundering is funded from the state budget, through the budget of the Ministry of Finance.

The budget of the Office, approved by the Ministry of Finance as principal authorising officer for the year 2022, was 29,526,000 lei, as follows

Chapter	Indicator name	Approved budget 2022 -lei-	Execution 31.12.2022 -lei-	Degree of use %
50.00	GRAND TOTAL	29,526,000	28,851,215	97.71
50.01	STATE BUDGET EXPENDITURE	29,526,000	28,851,215	97.71
51.01	Public authorities and external actions, of which:	29,526,000	28,851,215	97.71
	▪ <i>Current expenditure, of which:</i>	18,000,000	17,372,787	96.52
	-Staff costs	14,862,000	14,819,856	99.72
	-Goods and services	3,004,000	2,420,368	80.57
	-Other transfers	34,000	33,035	97.16
	-Other expenditure	100,000	99,528	99.53
	▪ <i>Capital expenditure, of which:</i>	11,526,000	11,478,428	99.59
	Non-financial assets	11,526,000	11,478,428	99.59

The budget execution as of 31 December 2022 amounts to 28,851,215 lei, the degree of utilisation of the budget appropriations as of 31 December 2022 is 97.71% of the approved annual appropriations.

Main administrative achievements:

- Renting a space for administrative establishment that meets the functional needs of the Office, on the basis of a framework agreement for a period of 48 months, with the relocation of the institution to the new premises taking place at the end of November 2022.2022.
- Procurement of physical and electronic document archiving services.

Investment policy

In 2022, the Office has prioritised those investments that will ensure the modernisation of the IT system by replacing physically and morally worn-out equipment with high-performance equipment and a new website.

At the same time, in 2022, in accordance with the requirements of Law no. 129/2019 on prevention and control of money laundering and terrorist financing, as well as amending and supplementing certain legislative acts, the Office began to implement an integrated information analysis computer system based on modern technologies to optimise the processes of searching, analysing and disseminating information used by financial analysts.

The contract for the turnkey implementation of the Integrated Information Analysis System within NOPCML for the amount of 14,989,091.25 lei (including VAT) was awarded in December 2021, within the approved commitment appropriations.

Human Resources Management Department

The Office is headed by a President, who has the status of tertiary authorising officer, and a Vice-President, appointed by Government decision.

The contractual staff of the Office consists of management and operational staff.

The management contractual staff consists of the Director-General, Directors, Heads of Service and Heads of Department.

The contractual staff in operational functions consists of financial analysts, assistant analysts, as well as the staff occupying common functions in the budget sector, consisting of drivers and building caretakers.

In this context it should be noted that, with the entry into force of the provisions of GD no.491/21.04.2021 on the Regulation on the organization and functioning of the National Office for Prevention and Control of Money Laundering, according to the provisions of art.2 paragraph (2) the maximum number of posts is 130.

On 01.01.2022, the organizational structure of the National Office for Prevention and Control of Money Laundering had the following structures, as established in accordance with the provisions of Article 7 of GD no. 491/2021:

- a) The Control Department;
- b) President's Cabinet;
- c) Vice-President's Cabinet;
- d) General Operative Directorate;
- e) Prevention, Supervision and Control Directorate;
- f) Cooperation, International Sanctions and Terrorist Financing Directorate;

- g) Directorate for Legal Affairs, Methodology and Relations with Parliament;
- h) Economic, Financial and Administrative Directorate;
- i) Human Resources Management Department;
- j) Public Internal Audit Department.

The following structures are organised and operate within the General Operative Directorate:

- a) Information Technology, Databases and Statistics Directorate;
- b) Secretariat, Registry, Archives Directorate;
- c) Information Analysis and Processing Directorate.

During the year 2022, by amending the provisions of Article 7(2) of GD No 491/2021 on 18.10.2022, in view of a new approach to the management of the Office, linked to the need to place the institution at a level that reflects its importance both nationally and internationally, we find the following structures of the Office:

- a) The Control Department;
- b) President's Cabinet;
- c) Vice- President Cabinet;
- d) The General Operative Directorate is responsible for:
 - ❖ **Information Technology, Databases and Statistics Directorate**, which includes the following organisational structures:
 - ✓ *Information Technology Service;*
 - ✓ *Strategic Analysis and Methodology Department;*
 - ✓ *Statistical Analysis and Monitoring Department;*
 - ✓ *Secretariat, Registry, Archives Department;*
 - ✓ *Classified Information Protection Department;*
 - ❖ **Information Analysis and Processing Directorate**, comprising of:
 - ✓ *Operational Analysis Service 1;*

- ✓ *Operational Analysis Service 2;*
- ✓ *The Risk Assessment Service, which is in charge of:*
 - *Risk Assessment Department;*
 - *National Information Exchange Department;*
- e) The Prevention, Supervision and Control Directorate having under its authority:**
 - ✓ *Risk-Based Supervision and Off-Site Activities Service*
 - ✓ *Crypto-asset Surveillance Department;*
- f) Cooperation, International Sanctions and Terrorist Financing Directorate which has under it:**
 - ✓ *Cooperation and International Relations Service, which includes:*
 - *Information Exchange, International Sanctions and Terrorist Financing Department;*
 - ✓ *European Affairs and Interinstitutional Cooperation Service;*
- g) The Directorate for Legal Affairs, Methodology and Relations with Parliament, which has under its authority:**
 - ✓ *Litigation and Administrative Disputes Service*
 - ✓ *Legislation, Endorsement and Methodology Service*
 - ✓ *Petitions Settlement Department.*
- h) The Economic and Financial Affairs and Administration Directorate, which has under it:**
 - ✓ *Budget, financial-accounting, payroll Department;*
 - ✓ *Procurement Department;*
 - ✓ *Administrative Department;*
- i) Human Resources Management Department;**
- j) Public Internal Audit Department**

In accordance with the provisions of Article 8 of GD no. 491/2021 for the approval of the Regulation on the organization and operation of the National Office for Prevention and Control of Money Laundering, at the level of the Office, by the Order of the President of the NOPCML no.138/27.05.2021 the attributions of the structures established at the level of the Office were approved, with subsequent amendments and additions. In order to ensure the good functioning and efficiency of the Office's activity, by Order of the President of the NOPCML no. 272/17.06.2021, the attributions of the structures within the directorates were established.

At the level of the Office, following the adoption of the **State Budget Law for 2022 No. 317/2021 and the approval of the NOPCML's budget for 2022 by the Ministry of Finance as the main authorising officer**, the **SITUATION** regarding the distribution by function of the maximum number of positions approved for financing in the year 2022, i.e. 130 positions, was established.

According to the centraliser, 130 posts were budgeted for 2022:

	Total posts approved by GD no.491/2021 and budgeted in 2022	Total posts approved and budgeted on 01.01.2022, 130, of which		Total posts on 31.12.2022, 130, of which	
		Occupied posts	Vacancies	Occupied posts	Vacancies
CENTRALIZER	130	104	26	107	23
PRESIDENT	1	0	1	1	0
VICE PRESIDENT	1	1	0	1	0
MANAGING DIRECTOR	1	1	0	1	0
DIRECTOR	7	7	0	6	0
HEAD OF SERVICE	9	9	0	8	10
HEAD OF UNIT	13	12	1	13	1
TOTAL MANAGEMENT	32	30	2	30	2
<i>Director of Cabinet</i>	2	1	1	2	0
<i>Advisor</i>	2	1	1	4	0
TOTAL Cabinet of President and Vice-President	4	2	2	6	0
FINANCIAL ANALYST I	38	26	2 1	26	7
FINANCIAL ANALYST II	8	7	1	15	0
FINANCIAL ANALYST III	30	22	8	18	11
FINANCIAL ANALYST IV	4	4	0	2	1
TOTAL FINANCIAL ANALYSTS	80	59	2 1	61	19
ASSISTANT ANALYST I	7	6	1	5	0
ASSISTANT ANALYST II	2	2	0	0	2
TOTAL ASSISTANTS	9	8	1	5	2
DRIVER	3	3	0	3	0
BUILDING CARETAKER	2	2	0	2	0
TOTAL WORKERS	5	5	0	5	0
TOTAL NOPCML	130	104	26	107	23

Following the holding of competitions in November-December 2021 to fill vacancies in the Office, from January 2022 operational staff were recruited to strengthen the support structures. In addition, vacancies for assistant analysts and financial analysts in the PIAD, ITDSD and DIOCT were filled as a result of the competitions held in accordance with the law, between February and March 2022.

During the period from 1 July 2022 to 31 December 2022, the filling of vacant or temporarily vacant posts by competition or examination as provided for in GEO 80/2022 has been suspended.

The support structures have been strengthened in order to make the Office's work more efficient by making the best use of the experience and performance of all staff, and by making temporary appointments to management positions until these posts are filled by competition.

At the level of the Human Resources Management Department, operations were carried out concerning:

- the day-to-day management of activities relating to the staff of the NOPCML (orders relating to appointments, dismissals, promotions, changes in grade, changes in staff positions);
- the elaboration and publication on the institution's website, in accordance with the provisions of Article 33(1) of Law No. 153/2017 on the Salaries of Staff Paid from Public Funds, as amended, of the list of positions in the Office with regard to the transparency of salary income, on 31 March and 30 September of each year;
- statistical statements submitted, on-line, drawn up quarterly and sent to the National Institute of Statistics - Form LV - Vacancies Survey.

At the same time, the professional activity evaluation for NOPCML staff for 2021 was carried out. In 2022, 11 promotions to higher professional grades were carried out.

With regard to training and professional development, the Office's staff were encouraged to participate in training, specialisations and workshops organised by both the governmental and non-governmental sectors in areas of interest to the work of the institution.

Employees of the Office participated in training events on the following topics: "*Financial issues of interest to the NOPCML financial analyst in the field of foreign trade*", "*Communication and interpersonal relations*", "*Protection of classified information*", "*Protection of Personal Data*", "*ECDL START and ADVANCED course*", "*Introduction to blockchain*", "*Transfer pricing*", "*Egmont Strategic Analysis Course*", "*SCIM Information and Document Circuit*", "*Assessment of key financial indicators at corporate level - NOPCML webinar*", "*Training on financial investigations on money laundering, terrorist financing and training on the individualization of sanctions applied to supervised entities*". Some of the courses were delivered online, others at the premises of the Office and others at the premises of the organiser.

Activity in the field of personal data protection

At the level of the Office, together with the internal policy of the NOPCML on the protection of personal data, the operational procedure PO-09.06 "Protection and processing of personal data" has been approved and disseminated by e-mail to all staff for their information.

In accordance with the provisions of Article 30 of Regulation (EU) 2016/679 - GDPR, the *Register of Processing Activities* was drawn up, which includes categories of data subjects, categories of personal data, purposes of processing personal data, lawfulness of GDPR processing, etc.

Employees were trained in the field of personal data protection, staff participating in the organized competitions were informed by filling in the data processing consent, etc.

Activity in the field of gender equality

At the institutional level, the action plan for the implementation of the principle of equal opportunities between women and men within the NOPCML for the period 2020-2030 has been developed and submitted to the National Agency for Equal Opportunities for Women and Men. The system procedure on gender equality was drafted and distributed to NOPCML staff.

Activity in the field of occupational safety and health

At the level of the NOPCML, the report on activities in the field of occupational safety and health has been prepared for the year 2022.

The Occupational Health and Safety Prevention and Protection Plan for the year 2022 was prepared and included the topic of training and testing of NOPCML staff in occupational safety and health.

Four working meetings of the NOPCML *Occupational Safety and Health Committee* were organised, focused on discussions about employees' working conditions, internal measures taken at the employer's level and the need to improve employees' working conditions.

- Occupational medicine

For 2022, a contract has been signed with a company that is competent in occupational medicine, as required by law.

- Training and testing of staff in occupational safety and health

NOPCML staff have been trained and tested in occupational safety and health, by occupational category.

At the end of the training, *Individual health and safety training sheets* were filled in for all trainees. The training was conducted in accordance with the provisions of art. 91 of the Methodological Norms for the Application of the Provisions of the Occupational Safety and Health Act no. 319/2006, approved by Government Decision no. 1425/2006 ("Training at the workplace is carried out by the direct manager of the workplace).

INTERNAL CONTROL

Internal audit activity at NOPCML level

As the organisational structure of the NOPCML, the Public Internal Audit Department carries out its activities in accordance with the provisions of:

- *Law No 672/2002 on public internal audit, republished, as amended and supplemented subsequent and*
- *Government Decision no. 1086/2013 approving the General Rules for performing the public internal audit activity.*

The PIAD also performs its duties in accordance with its own methodological rules for performing internal public audit activities specific to the NOPCML, approved by the Directorate of Public Internal Audit of the Ministry of Finance. Internal public audit is part of the internal/management control system and contributes to the implementation of Standard 16 *Internal Audit*, in accordance with the provisions of *Order of General Secretariat of the Government (OGSG) no. 600/2018 on the approval of the Code of Managerial Internal Control of Public Entities*.

In 2022, three (3) assurance missions and informal advisory missions were carried out in a timely manner. The degree of achievement of the internal public audit plan in 2022 was 71%.

The three assurance audit missions carried out in 2022 had the following topics: "Follow-up of the implementation of the measures ordered by Decision No. 11/22.06.2021 of the Court of Accounts of Romania", "Evaluation of the IT system and of the administration and updating of the databases, as well as of the strategic analyses", "Evaluation of the internal control system of the supervision and control activity". In the 3 (three) audit missions carried out in 2022, the provisions of OSGG no. 600/2018 were taken into account in order to follow the integration of the management internal control system at the level of each audited structure.

Following the internal audit missions to the Office's structure, scheduled in the annual audit plan, the Public Internal Audit Department provided assurance on the proper functioning of the structures and made recommendations for improving the Office's activities, grouped according to the main areas audited.

Advisory and facilitation missions have also been carried out in the form of informal, ad hoc advisory missions when the structures have requested advice.

The internal auditors provided informal advice, in particular on the implementation of the internal management control system at the level of the NOPCML, on the standards related to the national anti-corruption strategy, carried out activities related to the national assessment of Romania by the Council of Europe - Moneyval Committee in the field of money laundering and terrorist financing, with the NOPCML acting as the national coordinator in this process, contributed to the drafting of secondary or tertiary legislative acts and other documents in the field of human resources or specific functions of the institution.

The public internal audit activity of the National Office for Prevention and Control of Money Laundering complies with the legal and regulatory framework specific to internal audit.

The employees of the PIAD have undergone individual professional training and, in accordance with art. 21 (7) of Act No. 672/2002, as amended and supplemented, they have improved their knowledge, skills and values in the context of continuous professional training through individual studies on relevant topics.

Priorities for 2023

For the year 2023, the PIAD has developed the annual internal audit plan, according to which audit missions are planned in the following areas: inter-institutional cooperation, international sanctions and terrorism financing, national anti-corruption strategy, internal management control system, analysis and processing of information.

In the context of the legislative changes in 2022 and 2023, the auditable scope of the new legal framework must be adapted accordingly. Therefore, in accordance with the procedures for the approval and endorsement of these documents, and at the same time with the updating of the elements resulting from the applicability of OGS No. 600/2018 at the level of the Internal Audit Department, it is necessary to update the unit's operating procedures in 2023 and apply them accordingly.

The Control Department

The Control Department is organised and operates within the Office in accordance with Article 7, Chapter 1 of GD no. 491/2021 for the approval of the Regulation on the organisation and functioning of the National Office for Prevention and Control of Money Laundering.

The internal control activity is carried out in accordance with the provisions of OGS no. 600/2018, with the aim of ensuring compliance with the regulations in force in the specific areas of activity of the Office's own apparatus, which are reported by natural or legal persons, bodies authorised by law, internal audit, the media, etc.

According to its specific attributions, the NOPCML Control Department "examines and resolves the complaints and petitions assigned to it by the management of the Office concerning the non-compliance of the activity carried out by the structures of the Office's own apparatus or by its staff" (President Decree no. 138 of 27.05.2021).

During 2022, the Control Department carried out 2 internal control missions and prepared a number of documents, namely:

1. Report on the implementation of the National Anti-Corruption Strategy at the level of the National Office for Prevention and Control of Money Laundering, for the year 2021;
2. **"Declaration on the Adoption of an Organisational Integrity Agenda for the Period 2022-2025"** in accordance with the provisions of Government Decision No. 1.269/2021 on the Approval of the National Anti-Corruption Strategy 2021-2025 and related documents, approved and published by President Order;

3. ***"Integrity Plan of the National Office for Prevention and Control of Money Laundering for the period 2022 - 2025"***, in accordance with the provisions of the Government Decision no. 1.269/2021 on the approval of the National Anti-Corruption Strategy 2021- 2025 and related documents, approved and published by President Order;
4. Communication on the status of implementation of some measures of the National Strategy against Organised Crime 2021 - 2024, regarding the work of the National Office for Prevention and Control of Money Laundering;
5. Procedure PS- 02, Ed. III, Rev. 0 - Reporting of irregularities and adopting some measures in the matter of the integrity whistle-blower (March 2022);
6. Correspondence regarding the work of the NSAOC Monitoring Committee (National Strategy against Organised Crime - 2021-2024);
7. Correspondence with the Ministry of Finance regarding the Platform for cooperation of independent authorities and anti-corruption institutions;
8. Correspondence with the Ministry of Justice regarding the Platform for cooperation of independent authorities and anti-corruption institutions;
9. Correspondence on the work of the NAFS Monitoring Committee (National Anti-Fraud Strategy - 2021-2027).

The Control Department also participated in the work of the NSCOI Monitoring Committee (National Strategy for Combating Organised Crime - 2021-2024), coordinated the implementation of the NACS Integrity Plan (National Anti-Corruption Strategy - 2022-2025) and participated in the working meetings of the Platform for Cooperation of Independent Authorities and Anti-Corruption Institutions, participated in the work of the NAFS Monitoring Committee (National Anti-Fraud Strategy - 2021-2027), coordinated the appointment and participation in discussions with OECD experts in the framework of the project "Capacity building in the field of public governance - a coordinated approach of the Centre of the Government of Romania", a project implemented by the Ministry of Justice in partnership with the OECD, coordinated and managed the work of the whistle-blower institution within the National Office for Prevention and Control of Money Laundering.

ACRONYMS

ACAMS	Association of Certified Anti-Money Laundering Specialists
AML	Anti Money Laundering
NAFA	National Agency of Fiscal Administration
NAMRC	National Authority for Management and Regulation in Communications
NAARV	National Association of Authorised Romanian Valuers
NIA	National Integrity Agency
NCA	National Customs Authority
FSA	Financial Supervisory Authority
NBR	National Bank of Romania
CFAR	Chamber of Financial Auditors of Romania
PIAD	Public Internal Audit Department
CTA	Chamber of Tax Advisors
EC	European Commission
CoE	Council of Europe
BELAR	The Body of Expert and Licensed Accountants of Romania
HRMD	Human Resources Management Department
CIPD	Classified Information Protection Department
AML/CFT	Anti-money laundering/combating the financing of terrorism
IAPD	Information Analysis and Processing Directorate
CISTFD	Cooperation, International Sanctions and Terrorist Financing Directorate
DIOCT	Directorate for Investigating Organised Crime and Terrorism
AFD	Anti-Fraud Department
NAD	National Anticorruption Directorate DNA
ITDSD	Information Technology, Databases and Statistics Directorate
NRA	National risk assessment
EPPO	European Public Prosecutor's Office
FATF	Financial Action Task Force
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC
NFI	Non-bank financial institutions
KYC	Know Your Customer standards

MIA	Ministry of Internal Affairs
MER	Report on country implementation of FATF standards
OECD	Organisation for Economic Co-operation and Development
NOPCML	The National Office for Prevention and Control of Money Laundering
NGO	Non-profit organization
RNGO	Romanian National Gambling Office
UN	United Nations
NROCI	National Registry Office for Classified Information
OSCE	Organisation for Security and Cooperation in Europe
POHCCJ	Prosecutor's Office of the High Court of Cassation and Justice
RST	Report on suspicious transactions
ML/TF	Money laundering/Terrorist financing
NSPCT	National System for Prevention and Combating Terrorism
SNRA	Supra-National Risk Assessment
RIS	Romanian Intelligence Service
EU	European Union
FIU	Financial Intelligence Unit
NARB	National Association of Romanian Bars
NUJEOR	National Union of Judicial Enforcement Officers of Romania
NUNPR	National Union of Notaries Public of Romania
NUIPR	National Union of Insolvency Practitioners in Romania

© NATIONAL OFFICE FOR PREVENTING AND COMBATING MONEY
LAUNDERING, 2023

ADDRESS: 22 TUDOR VLADIMIRESCU BOULEVARD, GREEN GATE BUILDING, 7TH
FLOOR, SECTOR 5, BUCHAREST.

WEB-SITE: WWW.ONPCSB.RO

E-MAIL: ONPCSB@ONPCSB.RO

TELEPHONE: (+)4021.315.52.07
(+)4021.315.52.80

FAX: (+)4021.315.52.27

© THE NATIONAL OFFICE FOR PREVENTION AND CONTROL OF MONEY LAUNDERING,
2023

ADDRESS: BULEVARDUL TUDOR VLADIMIRESCU NR. 22, CLADIREA GREEN
GATE, ETAJUL 7, SECTOR 5, BUCUREȘTI.

WEB-SITE: WWW.ONPCSB.RO

E-MAIL: ONPCSB@ONPCSB.RO

TELEPHONE: (+)40 21.315.52.0 7
(+) 40 21.315.52 .80

FAX: {+} 40 21.315. 52.27

I, the undersigned STAN Elisabeta-Florina, sworn interpreter and translator for English-Spanish language based upon the authorization number 26489 issued on 30/08/2016 by the Romanian Ministry of Justice, hereby certify the accuracy of the translation from Romanian language into English language, that the presented text was translated completely, without omissions, and that, by translation the meaning and the content of the document has not been changed.

SWORN INTERPRETER AND TRANSLATOR
STAN Elisabeta-Florina