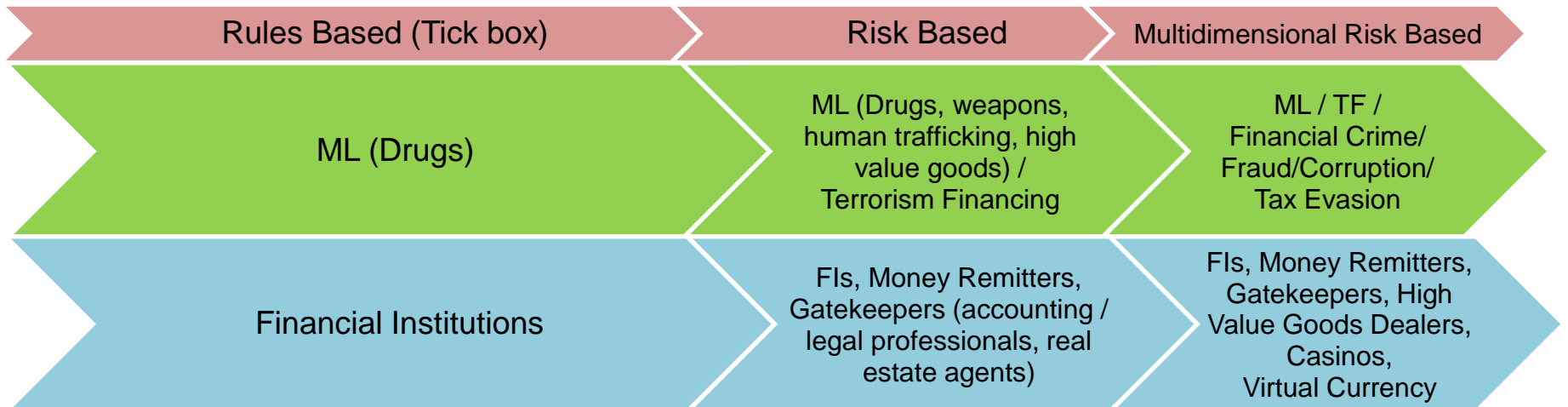
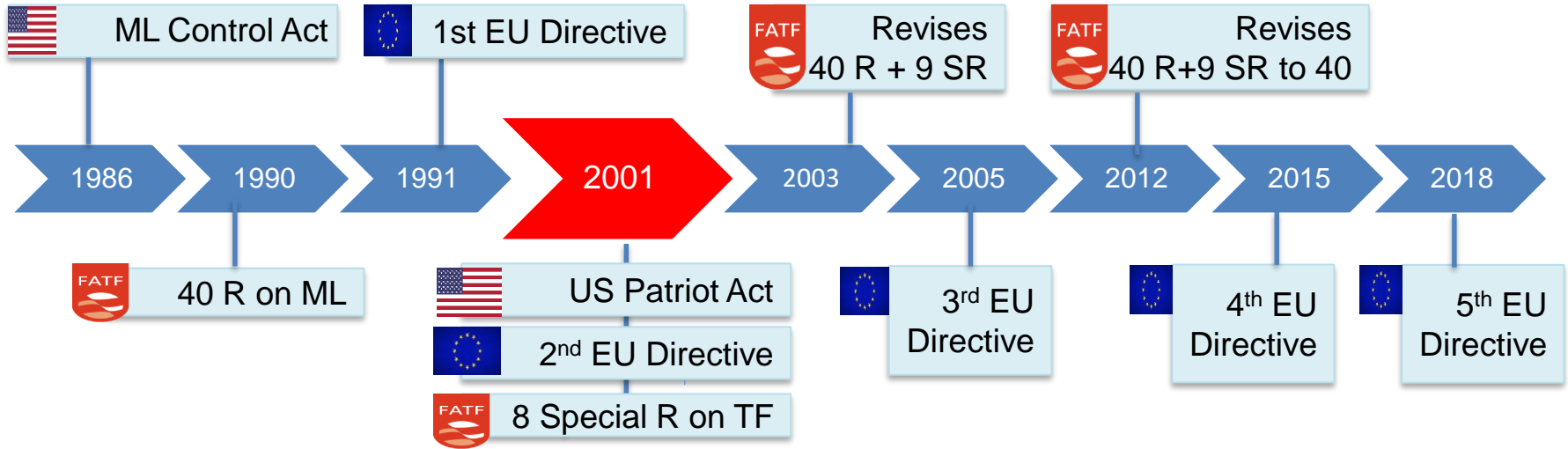


Evolution of AML Landscape

Niki Charilaou - Manager Financial Crime Compliance Department, Bank of Cyprus Group & Chair of ICPAC's Compliance Committee/ 28 September 2018



Historic Regulatory Evolution



Recent Bank Failings

 **REUTERS** BUSINESS NEWS FEBRUARY 23, 2018

ECB pulls the plug on Latvia's failing ABLV Bank

Privately held ABLV, Latvia's third-biggest bank, has been in focus since U.S. authorities accused it of covering up money laundering, bribing officials and facilitating the breach of sanctions against North Korea.

 **euobserver**

BRUSSELS, 19. SEP, 15:31

Denmark's image 'damaged' by bank scandal

Denmark, the EU's cleanest country on paper, got confirmation on Wednesday (19 September) its top bank perpetrated Europe's biggest-ever money-laundering scandal.

Bloomberg 04 September 2018

ING to Pay \$900 Million to End Dutch Money Laundering Probe

Bank of Cyprus



Group Compliance Division

Increasing pressure on transparency



2014 – FATF Guidance:

Beneficial ownership should be made available to competent authorities.

EU Initiatives:

2016 - 4th AMLD

- Beneficial ownership: access by competent authorities / persons with legit interest.

2018 - 5th AMLD

- Full public access to the beneficial ownership registers
- Interconnection of registers and sharing of AML data between tax authorities
- EU list of tax jurisdictions that do not respect good tax governance standards

USA Initiatives

- Final Beneficial Owner identification rules for FIs were only issued in 2016.

Increasing pressure on transparency

Current initiatives to curb tax evasion:

- 2010 - the US issues FATCA
- 2012 - FATF includes “Tax Crimes” as a ML predicate offence
- 2014 - OECD issues CRS
- 2015 - 4 EU AMLD: “tax crimes” included in “criminal activity” definition
- 2018 - Amendment of EU DAC6: automatic exchange of information relating to aggressive tax planning arrangements with a cross-border dimension



Latvia & Cyprus

Prohibitions on FIs relating to shell companies

Definition:

- No physical presence in its country of domicile
- No established economic activity
- Registered in a jurisdiction not requiring submission of financial statements
- Tax resident in a “tax haven” country (only Cyprus)

Exceptions

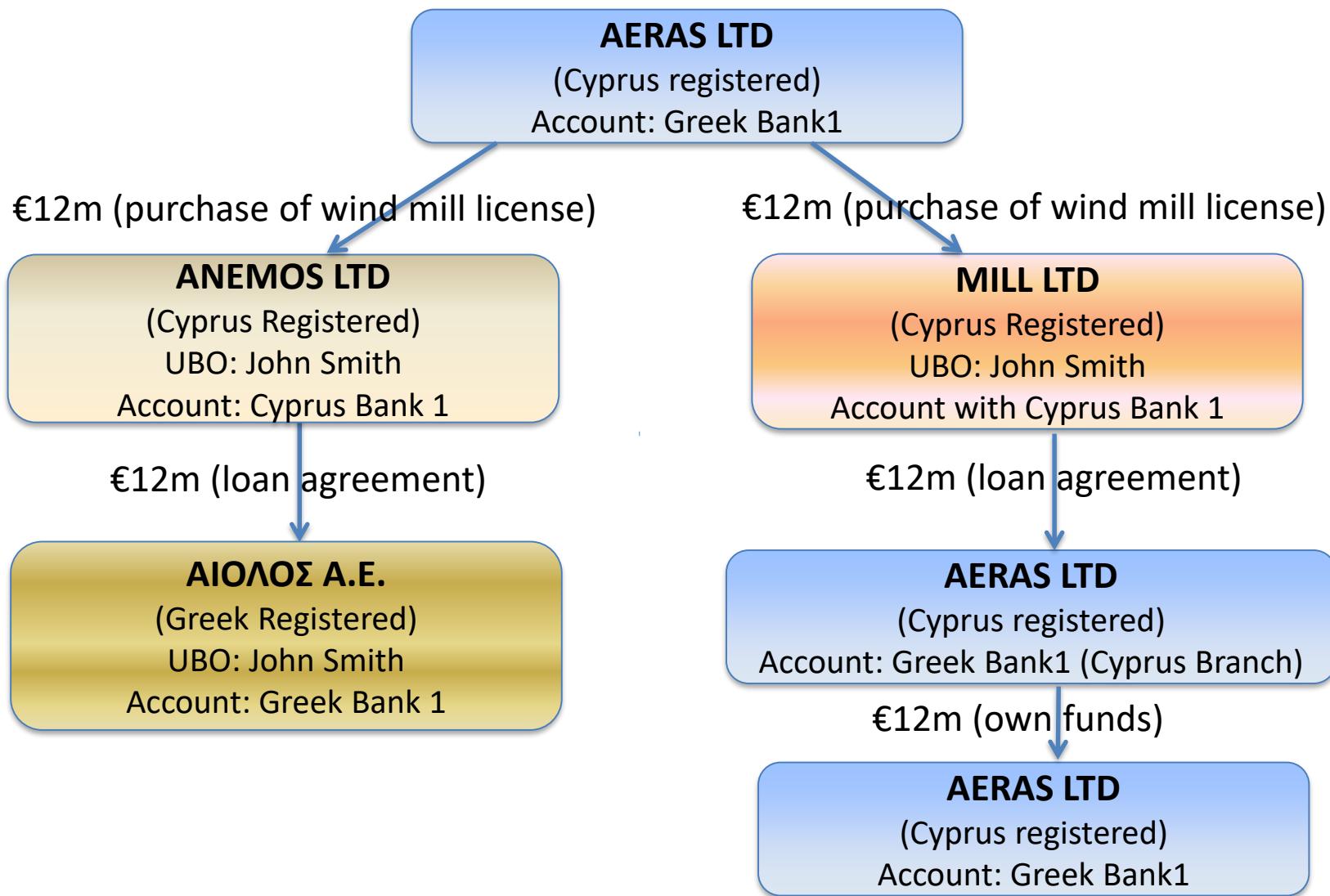
Cyprus

- Holding company
- Holding intangible assets / real estate/ vessels
- Convincing proof of engagement in legit business

Latvia

Latvian registered companies

Case Study



Emerging challenges...

- Unprecedented focus on Financial Sanctions
- Press leakages
- AML vs GDPR – Who is the boss?
- Further strengthening of EBA's supervisory role
- Use of new technologies for AML
- Imminent need to regulate cryptocurrencies

Thank you!

Evolution of AML Landscape

Niki Charilaou
28th September 2018