

TECHNICAL COMMUNIQUÉ CT-03/2019

Andorra la Vella, 29 May 2019

Dear Sirs and Madams,

For some years now, cash movements have been a focus of attention in the sphere of the prevention of money laundering and terrorist financing due to the high risk that they pose. Evidence shows that the use of cash is still a quite commonly used payment method and that it is often connected with a broad range of criminal schemes.

This is why the Financial Intelligence Unit of Andorra considers it necessary to revise the Technical Communiqué no. CT-02/2015, with the aim of developing, in a way that better fits the current situation, the measures which the Andorran regulations consider applicable in matters relating to cash transactions, within the framework of the application of continuous monitoring measures on the business relations that are established by reporting entities.

Consequently, this technical communiqué requires financial reporting entities to adopt the following measures:

1. Cross-border movements of cash for an amount equal to or greater than 10,000 euros:

The Law 14/2017, of 22 June, on prevention and the fight against the laundering of money or assets and terrorist financing (hereafter *Law 14/2017*), provides, in its Article 43.1, that *“any natural person who enters the Principality of Andorra bearing a cash sum equal to or greater than 10,000 euros or its equivalent sum in foreign currency, should declare same in Customs in the terms provided in this chapter”*.

The Regulations regulating the cross-border cash transport declaration, approved by Decree dated 20 November 2013, provide and attach the respective declaration form in their Annex.

In this respect, in relation to:

1.1. Cash income for an amount equal to or greater than 10,000 euros or the equivalent sum in foreign currency, the entry of which into the Principality of Andorra has been subject to the obligation of declaration provided in Article 43 of the *Law 14/2017*: financial reporting entities should obtain from their customers the cross-border cash transport declaration form, duly processed by Customs, and said reporting entities should keep a copy of same.

In this way, the cross-border cash transport declaration form entails an additional element, which is compulsory but not sufficient, of analysis of the origin of funds which financial reporting entities are obliged to carry out.

1.2. Cash withdrawals for a sum equal to or greater than 10,000 euros, or the equivalent sum in foreign currency: financial reporting entities should inform their customers of the obligation to declare which is provided in Chapter Eight of the *Law 14/2017* and in the Regulations regulating the cross-border cash transport declaration. Compliance should be made with this obligation by means of the issue of an informative document which the customer is to sign and a copy of which is to be kept by the respective financial reporting entities.

Financial reporting entities are to have cross-border cash transport declaration forms available for their customers and such reporting entities are to offer same to their customers in the event of cash withdrawals for a sum equal to or greater than 10,000 euros or an equivalent sum in foreign currency.

2. Cash transactions involving large amounts:

For the purposes of this Communiqué, cash transactions involving large amounts are considered to be the following:

* Cash transactions for an amount greater than 100,000 euros or the equivalent sum in foreign currency, regardless of whether such transaction is carried out in a single operation or in several operations between which there appears to be some type of relation.

* Cash transactions, regardless of their amount, for a cumulative annual amount greater than 250,000 euros or the equivalent sum in foreign currency, in operations in which there are signs of some link. Transactions for a cumulative annual amount greater than 250,000 euros are considered to have been carried out on the date on which the aforesaid amount is exceeded.

The top management is to authorize the cash transactions involving large amounts, pursuant to verification that same are consistent with the knowledge of the customer, of the customer's business, of the customer's risk profile, of the origin and destination of the cash which is the object of the transaction, and that there are no suspicions or reasonable grounds for suspecting that such transactions involve the proceeds of a criminal activity that may entail acts of money laundering or that are related to terrorist financing.

In order to issue such authorizations, financial reporting entities are to apply one of the following methods:

* Method 1 – Authorization of the top management, on a prior basis, for the **performance of a cash transaction**, on the basis of a request from the customer for cash withdrawal or deposit.

* Method 2 – Authorization of the top management, on a prior basis with validity for a specific period of time, for the **performance of cash operations for business reasons**, on the basis of a request from the customer.

3. Control measures applicable to the verifications carried out:

For the purposes of this Communiqué, 'top management' is understood as the definition included in Article 2 of the *Law 8/2013, of 9 May, on the organizational requirements and the operating conditions of the reporting entities of the financial system, the protection of investors, market abuse and financial collateral agreements*, and as provided in Article 6 of the *Law 12/2017, of 22 June, on the management and supervision of insurance and reinsurance in the Principality of Andorra*.

In order to facilitate the identification, assessment, understanding and mitigation of the risks of money laundering and terrorist financing, a report containing, as a minimum, the amount of the inflows and outflows of cash during the respective period, the number of associated transactions and, of the latter, those authorized by members of the top management, with the details of such members, is to be prepared and submitted, at least quarterly, to the Board of Directors.

In any event, financial reporting entities are to make a documentary record of the analysis carried out by the top management.

3.1. Specific control measures on the verifications carried out by Method 1

All isolated cash transactions involving large amounts are to be analysed by 'Method 1'. Within the framework of the necessary verifications, financial reporting entities are to receive information on and learn of the explicit reason for which the customer wishes to carry out a cash transaction involving large amounts, which should allow the traceability of the funds (transfer, order cheque, etc.), and such reason is to be recorded in the report on the request for authorization.

3.2. Specific control measures on the verifications carried out by Method 2:

The cash transactions involving large amounts assessed by 'Method 2' are associated with commercial invoices for large amounts sustained over a period of time in sectors which make greater use of cash. This is why this method is only to be applied to the requests of customers who are natural persons or legal entities which carry out in effect a substantial business activity.

Moreover, the verification of these transactions is carried out by means of documentation of accounting or tax-related nature: the most recent annual accounts submitted, or the most recent vouchers of tax returns submitted.

On the basis of the foregoing, the authorized amount is to be consistent with the turnover determined according to the aforementioned documentation, restricted to the commercial activity of the respective business.

The authorization which is granted is not to be for longer than one year.

The obligations established by this Technical Communiqué will go into force on the day after its publication.

With the publication of this Communiqué, the Technical Communiqué CT-02/2015, of 3 December 2015 is repealed.

Carles FIÑANA PIFARRÉ
Head of UIFAND