



ACTIVITIES REPORT 2022

**Unitat d'Intel·ligència Financera
d'Andorra**

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1. PRESENTATION

Recalling the initial paragraphs found in the introduction of the activity report from the previous year, which staged the exceptional nature of the personal and professional situation, both internal and external, resulting from the pandemic, especially in relation to the years 2020 primarily, and to some extent, 2021, we fortunately resume normality in our tasks in 2022.

This fact not only implies a return to an established and consolidated working path from recent years, but also it is reflected in the data and statistics compiled by the various areas that make up the Financial Intelligence Unit, as will be seen in the corresponding sections of this activity report. Furthermore, a return to in-person internal meetings and external appearances in international forums is being reaffirmed.

From an internal perspective, during this exercise, the Financial Intelligence Unit has been punctually affected by certain changes in the personnel structure, which arise from two distinct circumstances: (i) the early retirement of a member of the operational area and the appointment of a member from the supervision area to join the Secretariat of Moneyval as a secondment, and (ii) the need to incorporate at least one more staff member in order to face with greater assurance the upcoming initiation process of the sixth round of evaluations by Moneyval and adequately tackle the new challenges resulting from the modifications introduced by FATF in its Recommendations, namely Recommendation 15 entitled "New technologies" related, among others, to blockchain and virtual assets, and Recommendations 24 and 25 entitled respectively "Transparency and beneficial owners of legal persons" and "Transparency and beneficial owners of legal arrangements".

It is also worth highlighting in the 2022 exercise three fundamental aspects that, in continuation of previously initiated work, have been developed or specified, namely: (i) the presentation of the 4th Follow-up Report on the fifth round of evaluations by Moneyval in the December 2022 Plenary Session, (ii) as a result of the Monetary Agreement, the approval through a Decree of a new version of the Implementing Regulation of Law 14/2017, of June 22, on the prevention and combating of money laundering and terrorist financing, to implement Commission Delegated Regulation (EU) 2019/758, and the approval of Law 26/2022, of July 14, amending Law 17/2013, of October 10th, on the introduction of the euro to implement Regulation (EU) 2018/1672 of the European Parliament and of the Council, and finally (iii) the ongoing monitoring regarding the implementation of the improvement measures for the AML/FT prevention system resulting from the action plan derived from the NRA of December 2020.

To conclude, as is customary, I want to remember the individuals who have left the Unit due to personal or professional reasons, and I also want to express my gratitude to all those who continue to be part of the Financial Intelligence Unit for their commitment and dedication.

Carles Fiñana Pifarré

Head of the Financial Intelligence Unit of Andorra

2. REPORT

Following the established order in the presented index, we proceed to comment on those matters and issues, which, despite some of them being regular, need to be updated annually based on the ongoing work for each of these topics.

This aspect of updating also involves adding new sections, as is the case with comments regarding the forecast for the start of the next sixth round of Moneyval evaluations.

a) Fifth round of Moneyval evaluations

There are two considerations to be taken into account in this section, which are as follows:

1. Regarding the 4th Follow-up:

On September 29th 2022, Andorra submitted its 4th Follow-up Report, essentially detailing: (i) a description of the progress made in Andorra's system on prevention and fight against money laundering and terrorism financing (AML/FT) since the last submission in the previous year, corresponding to the 3rd Follow-up Report; (ii) progress in meeting the technical compliance of the 3 Recommendations still marked as "partially compliant" (PC): Recommendations 15 (new technologies), 31 (powers of law enforcement and investigative authorities), and 36 (international instruments); and finally (iii) progress regarding the effectiveness of the 11 Immediate Outcomes (IOs), with a rating of "moderate level of effectiveness" for IOs 3, 4, 5, 7, 8, 10, and 11.

Exceptionally, on this occasion, the Principality of Andorra did not request a re-rating regarding the aforementioned 3 Recommendations.

2. Regarding the New Rules of Procedure:

This is the main and most important modification of the procedure initiated jointly by the Financial Action Task Force (FATF) and Moneyval in recent years.

Indeed, as the FATF and Moneyval approach the end of their respective mutual evaluation rounds, the 4th round for the former and the 5th round for the latter, both face a significant increase in analytical work, both in terms of the Mutual Evaluation Reports (MERs) and especially for the subsequent Follow-up Reports.

In order to alleviate this enormous task and be more productive and efficient in this analytical work, resources have been dedicated to a project to modify Rules of Procedure 22 and 23. It was agreed, with widespread consensus, during the 63rd plenary session held between May 16th and 20th, 2022, to adopt new rules that will guide the next round of evaluations, allowing jurisdictions to submit Follow-up Reports at wider intervals.

The conditions for opting for this new procedural regime are as follows: (i) having "largely compliant" (LC) or "compliant" (C) ratings on at least 36 of the 40 Recommendations, (ii) having no "partially compliant" (PC) or "non-compliant" (NC) ratings on any of the "key" Recommendations, namely Recommendations 3, 5, 6, 10, 11, and 20, and finally (iii) having no "low level of effectiveness" markings on any of the 11 Immediate Outcomes.

Finally, during the 64th plenary session of Moneyval held between December 5th and 9th 2022, the Principality of Andorra timely informed about the country's status regarding these new procedural rules. As it meets all these requirements, the Moneyval Secretariat, with unanimous agreement from the plenary, concluded that the Principality of Andorra will have to submit its next Progress Report after three years, by December 2025. This makes us the first jurisdiction of Moneyval to be subject to such modifications.

b) Sixth round of Moneyval evaluations

Prior to the 64th plenary of Moneyval, the Secretariat of this organization circulated on November 29th 2022, a report titled "Planning and sequencing for the 6th round of mutual evaluations." The main objective of this report was to provide a solid initial basis for studying and preparing for the next round of mutual evaluations and to establish a schedule for conducting these evaluations, taking into account, among other things, the organizational context of the Council of Europe, the ongoing discussions at the FATF about the preparations and the start of the new round of evaluations, and the status of the current round of Moneyval evaluations.

According to the report, the 6th round of evaluations for jurisdictions belonging to Moneyval will begin during the spring of 2024, when it is expected that the first designated jurisdiction will receive the evaluation team for the on-site visit.

To explain the process of this new scenario, it is necessary to include the subsequent events that have taken place during 2023. In this regard, the Moneyval Secretariat issued a document on April 31st 2023, concerning the rules of procedure envisaged for this 6th round of mutual evaluations. However, this document is not yet approved and is subject to changes, although it has already been discussed in a virtual meeting held on April 28th 2023, among the Moneyval jurisdictions. Therefore, it is expected that these new rules of procedure will be approved during the 65th Plenary of Moneyval, which will be held in-person entirely from May 22nd to 26th 2023.

The legal basis of this document is as follows:

- The rules of procedure of the Financial Action Task Force (FATF) for the next round of mutual evaluations.
- A draft of the Universal Procedures, currently under discussion between the FATF and the FATF-Style Regional Bodies (FSRBs), including Moneyval.
- The rules of procedure of Moneyval for the current round of mutual evaluations¹.

¹ 5th Round of Mutual Evaluations.

Regarding the content of the document, it is divided into two parts: (i) the first part relates to the internal organization of Moneyval, and (ii) the second part is dedicated to the procedures related to evaluations and follow-up procedures. In relation to this second part, Moneyval's premise is that, as established in the FATF Methodology, the scope of mutual evaluations will include two interrelated components: **technical compliance**, which analyses whether the necessary laws, regulations, or other measures are in force, and effective, and whether the necessary institutional frameworks to combat ML/TF are in place, and **effectiveness**, which assesses whether the AML/FT systems are applied effectively both internally and externally, and to what extent a jurisdiction achieves previously defined positive outcomes.

The relevant aspects and notable rules that emerge from this document regarding the mutual evaluation process are as follows:

- Rule 9, titled "changes in the FATF standards":

Rule 9 states that all jurisdictions will be evaluated based on the FATF Methodology that exists at the time of submitting the mutual evaluation report on technical compliance.

- Rule 10, titled "scheduling mutual evaluations":

This rule establishes that the Plenary will decide the principles for **scheduling mutual evaluations** based on the following factors: (i) the date of the last mutual evaluation report (MER), aiming ideally for a maximum of 11 years and a minimum of 5 years between evaluations, (ii) the status of the jurisdiction's follow-up process, including whether it is undergoing an enhanced follow-up process called ICRG (Cooperation Review Group) or if it has successfully completed such a process, and (iii) the size of the economy and the financial sector within the national economy.

Additionally, the rule states that **voluntary requests by states to be evaluated in advance may be considered**, provided that sufficient time has elapsed since the previous mutual evaluation of the requesting state and that the previous sequence is practical and convenient for the other affected jurisdictions.

- Rule 13, titled "responsibilities of the assessed member":

The assessed jurisdiction shall provide a specific office to the evaluation team throughout the on-site visit, and the designated room shall have or, at the very least, guarantee access to a photocopier, printer, computer projector, and other basic facilities, as well as internet access. Furthermore, it must ensure the confidentiality of the existence of adequate security protocols, including measures to prevent the use of listening or recording devices during meetings with authorities and deliberations by the evaluation team.

The assessed jurisdiction shall designate, in the initial phase of the mutual evaluation process, a coordinator responsible for the mutual evaluation procedure to ensure adequate coordination and clear channels of communication with the Secretariat. This

coordinator must have the appropriate seniority to effectively coordinate with other authorities.

Regarding other noteworthy matters, it should be added that the designated contact for the assessed country will work with the Secretariat to prepare a draft program and coordinate logistics for the on-site visit. This program must be submitted to the Secretariat at least two months before the on-site visit.

It is important to highlight that this draft program should take into account the areas in which the evaluation team may need to apply greater or lesser attention, considering the risk.

Also, to the extent possible, meetings should be held at a fixed location to facilitate the work of the evaluation team.

- Rule 26, titled "introduction":

The assessed jurisdiction will decide whether it wants to conduct the evaluation in English or French. Additionally, the assessed member and the Secretariat **must agree on the general schedule for the evaluation at least 18 months in advance of the scheduled date for the final plenary debate.**

- Rule 27, titled "preparation for the on-site visit":

At least 7 months before the on-site visit or as soon as possible, the Secretariat will set the precise dates of the on-site visit, as well as the deadlines for the entire process.

Moreover, approximately 7 months before the on-site visit, members should provide their feedback/comments regarding their interpretation/experience regarding international cooperation with the assessed country. Alternatively, the evaluation team and the assessed jurisdiction must identify the countries/territories that, based on the assessed country's AML/FT risks, could provide relevant information about international cooperation or their risk analysis.

From the start of the evaluation, the evaluation team will analyse the risk, context, and overall situation of the assessed country to ensure that the mutual evaluation is fully risk-based from the outset.

To facilitate this premise, the assessing country must provide the required information to complete Chapter 1 of the MER in its three dimensions, namely identifying, assessing, and understanding country risks, as well as any other necessary information.

Also, its context and materiality, including the material relevant to central question 1.1 of the Immediate Outcome. **The assessed country must include this information in its initial submission of technical compliance information approximately seven months before the on-site visit.** Within a minimum of two weeks from the initial submission, the assessed country and the evaluation team must start discussing their understanding of risks, context, and materiality of the assessed member.

Additionally, the proposal from the Moneyval Secretariat is that the evaluation will focus on the following two interrelated components:

- Technical Compliance:

The review of technical compliance will constitute a continuation of the monitoring process from the previous round. **The evaluation team will determine the Recommendations that fall within the scope of the mutual evaluation process, referred to as "Recommendations under review,"** based on consultations with the assessed country and taking into account the previous MER and follow-up reports (FURs). Specifically, these "Recommendations under review" will be: (i) those in which the country has made changes (legal, regulatory, or operational) since the previous MER or FUR with technical compliance re-rating, and (ii) those in which there has been a change in FATF standards for which the country has not been previously evaluated. Otherwise, the country will need to identify all FATF Recommendations that it believes should be subject to review.

Regarding Recommendations that are not being reviewed, the Secretariat will compile the Technical Compliance Annex based on pre-existing information from: (i) the most recent MER of the assessed country, and (ii) the revised Technical Compliance Annex with FURs containing technical compliance re-ratings.

Taking the above into account, prior to the on-site visit, the evaluation team will conduct a documentary review of the level of technical compliance of the Recommendations under review. It should be noted that the evaluators will only consider laws, regulations, or other AML/FT measures that are in force and effective at that time or at most by the end of the on-site visit. When there are draft laws or other specific legislative proposals to modify the system, reference can be made to them in the MER, but ultimately, they will not be taken into account in the assessment conclusions and therefore will not have any final annotations.

The Technical Compliance Annex will be drafted by the Secretariat based on the evaluation team's analysis of the Recommendations under evaluation, and it will be the evaluation team that reviews the first draft of this annex before sending it to the assessed country. **Approximately 5 months before the on-site visit, the country should receive the first draft of the Technical Compliance Annex** (which may not necessarily include any annotations or recommendations); the draft will include a description, analysis, and a list of possible technical deficiencies detected. **The country will have approximately 3 weeks to clarify and comment on this first draft of the Technical Compliance Annex.**

After considering the clarifications and comments from the assessed country regarding this first draft, the evaluation team will prepare a revised draft of the Technical Compliance Annex. This revised Technical Compliance Annex (second draft) should be sent to the assessed country and the evaluation team approximately 3 months before the on-site visit, and it should contain - unlike the first draft - preliminary annotations. The assessed country and the evaluation team will have approximately 3 weeks to comment on this second draft. It should be noted that although the primary objective of the on-site

visit is the evaluation of effectiveness, a limited number of outstanding technical compliance issues may be discussed during the visit.

- Effectiveness:

Regarding effectiveness, the evaluation team will examine the level of effectiveness of the country in relation to the 11 Immediate Outcomes. **The presentation of information regarding the assessed country's technical compliance should provide information on the 11 Immediate Outcomes identified in the FATF Methodology approximately 4 months before the on-site visit by the evaluation team.**

Once the information on effectiveness has been evaluated and the clarifications provided by the assessed jurisdiction, the evaluation team will prepare a summary of the initial conclusions and request additional information. This document will take into account the risk, context, and overall situation of the assessed country. Additionally, **this document should be provided to the assessed country approximately 2 months before the on-site visit, and the assessed jurisdiction should provide its comments and the requested information no later than 6 weeks before the on-site.**

Subsequently, the evaluation team will update their initial conclusions and identify key issues and possible recommended actions for further discussion. **This should be provided to the evaluated country at least one month before the on-site visit.**

- Rule 29, titled "post on-site" - preparation of draft MER, KRA Roadmap, and Executive Summary:

At least 27 weeks should elapse between the end of the on-site visit and the discussion of the MER, although this period may be extended:

1. 1st draft of the MER:

The Secretariat and the evaluation team will have approximately **6 weeks to coordinate and finalize the first draft of the MER**. This initial draft will include recommended actions and preliminary annotations and will be sent to the evaluated country for their comments.

2. 2nd draft of the MER:

Once the comments from the evaluated country regarding the first draft of the MER are received, the evaluation team will: (i) review the comments and incorporate any necessary modifications, and (ii) consider which recommended actions should be included as key recommended actions (KRAs). Subsequently, the second draft of the MER and the first draft of the KRA roadmap will be sent to the evaluated country.

3. Meeting with the evaluation team:

Whenever possible, before finalizing the second draft of the MER and the first draft of the KRA roadmap, the Secretariat should organize a one or two-day meeting with the evaluation team to (i) facilitate the finalization of the MER and ensure that all relevant issues raised during the evaluation are reflected in the report, and (ii) discuss and agree on recommended actions (KRAs) and annotations.

4. Pre-plenary quality and consistency review:

Within the mutual evaluation process, reviewers will conduct a quality and consistency review prior to the plenary session in order to (i) provide comments on the preliminary review and analysis regarding risks, materiality, and the member's context, and (ii) verify if the description and analysis of the content justify the conclusions, including the annotations of the MER, among others. At this point, the evaluated country will have the opportunity to submit their comments regarding the second draft of the MER, the KRA roadmap, and the quality and consistency (Q&C) process.

5. Face-to-face meeting:

Once the pre-plenary quality and consistency review is completed, **the evaluation team and the evaluated country will have 3 weeks to consider the comments from members and reviewers regarding the second draft of the MER and the KRA roadmap.** The document emphasizes that the face-to-face meeting is an appropriate means to help the evaluated country and the evaluation team resolve any outstanding issues.

After the face-to-face meeting, the evaluation team will examine whether further changes need to be made to the second draft of the MER and the first draft of the KRA roadmap based on additional information provided by the evaluated country during the face-to-face meeting. However, **information presented after the face-to-face meeting will not be taken into account for the drafts of the MER and the KRA roadmap.**

Subsequently, in consultation with the evaluated jurisdiction, the evaluation team will prepare the Executive Summary.

6. Identification of key issues for plenary discussion:

The revised MER, KRA roadmap, and executive summary will be distributed to (i) member states, (ii) observers, including the FATF Secretariat, and (iii) scientific experts, 6 weeks before the plenary session.

The deadline for submitting written comments on the drafts is 2 weeks. Subsequently, the Secretariat will prepare a list of key issues to be discussed in the Evaluations Working Group, and once the key issues are selected, the evaluated country and the evaluation team will be invited to provide their written comments, which will be included in the draft document of key issues.

Lastly, the final list of key issues will be discussed in the Evaluations Working Group and distributed to (i) member states, (ii) observers, including the FATF Secretariat, and (iii) scientific experts, 2 weeks before the plenary session.

Once this process is completed, the discussion will remain in the plenary session, where both the MER, KRA roadmap, and Executive Summary will need to be adopted.

- Rule 37, titled "diminished compliance":

If at any point in the process, members, observers, or the Secretariat become aware that a member has significantly decreased its technical compliance to a level comparable to

"non-compliant" (NC) or "partially compliant" (PC) in one or several of the key Recommendations 3, 5, 6, 10, 11, and 20, the plenary may request a re-rating report of the technical compliance with the Recommendations.

Alternatively, if a member significantly decreases its level of compliance with any other FATF Recommendation, the plenary may request the member to address and resolve any new deficiencies as part of the follow-up process.

In conclusion, the analysed draft proposes that, regarding the follow-up procedure, once the MER is adopted, and in line with previous rounds of mutual evaluations, the evaluated jurisdiction may be subject to regular follow-up or enhanced follow-up.

In any case, Moneyval expects that within three years from the approval of the MER, jurisdictions have:

1. Fully or largely addressed all KRAs included in the roadmap,
2. Improved the technical compliance with any FATF Recommendation marked as "NC" (non-compliant) or "PC" (partially compliant), and
3. Implemented necessary changes to comply with FATF standards and reviewed since the date the technical compliance annex was submitted.

At this point, as part of this process, jurisdictions are expected to request re-ratings regarding the technical compliance with FATF Recommendations marked as "non-compliant" (NC) or "partially compliant" (PC).

c) Monetary Agreement

Once again, and for the eleventh time, members of the Financial Intelligence Unit have been part of the Andorran Delegation participating in the Joint Committee, and they were present at the 11th annual meeting held this time in the Principality of Andorra on November 11, 2022.

In this regard, the work carried out during the previous year was extensively presented, which is conducted through two main references: (i) the implementation of EU legal measures on AML/FT, and (ii) the status of legal acts for transposition purposes.

1. - Application of the legal provisions of the EU transposed in the field of anti-money laundering

As an introductory note, UIFAND briefly presents the following points:

- Regarding the activity report for 2021, it is emphasized that during this year, the UIFAND celebrated its 20th anniversary, having started its activities in July 2001. The details of the statistics and work carried out are extensively covered in the above said report.
- In 2021, the Basel Institute on Governance ranked the Principality of Andorra as the most difficult country in the world to launder money out of 203 jurisdictions analysed. It

is added that for 2022, and having issued its Annual Report by these dates, the Principality of Andorra ranks second.

- It is emphasized that as of today, and in terms of AML/FT, the Principality of Andorra has transposed and implemented fifteen (15) legal acts into its national legislation, as stipulated in the Annex of the Monetary Agreement that is attached annually. This signifies not only accomplishing the created expectations but also succeeding in an almost complete percentage.

Reference is also made to the follow-up and conclusion of the fifth round of Moneyval evaluations, where the 4th Follow-up Report ("FUR") was submitted to the Moneyval Secretariat on September 29th 2022, which mainly includes:

- An analysis of improvements in Andorra's anti-money laundering system (AML/FT).
- The description of the state of effectiveness of the system.
- Information on progress regarding the FATF Recommendations, for which Andorra has a rating of "partially compliant" (PC) in Recommendations 15, 31, 36. It is highlighted that last year, the Principality of Andorra raised the rating of Recommendation 8, related to non-profit organizations, to "largely compliant" (LC), and furthermore,
- Our jurisdiction collaborates with Moneyval and FATF in the development and drafting of new procedural rules to expedite the completion of the 5th round of evaluations, which were approved at the plenary session held in December 2022.

As previously stated, the Principality of Andorra meets the three (3) new requirements for being considered a Candidate Jurisdiction to submit the next Follow-up Report after 3 years instead of annually, as was the case before.

There is also reference to the national-level monitoring being carried out regarding the implementation of measures derived from the National Risk Assessment (NRA) Action Plan of December 2020.

In this regard, and after the presentation, approval, and adoption as a "national priority" by the Council of Ministers of the Andorran Government on May 12th 2021, the Financial Intelligence Unit has led and coordinated the development, monitoring, and adoption of the 66 improvement actions defined in the following three categories: (i) 13 regulatory measures, (ii) 38 other development measures, and (iii) 15 measures related to supervision.

In particular, on May 28th 2021, the improvement actions assigned to each authority and/or sector were communicated, and subsequently, two more requests for information have been sent on December 16th 2021, and June 14th 2022, both to the public and private sectors, regarding the status of implementation corresponding to each measure.

Finally, we have been asked about the position adopted by the Principality of Andorra regarding the conflict in Ukraine, and whether any measures and/or sanctions have been taken regarding Russia and Belarus.

In this regard, it is reported that the Government approved Law 5/2022 on March 3rd 2022, on the application of international sanctions, with the aim of becoming the legal framework of reference for the application of measures derived from international

More specifically, Article 5 of this law establishes that, in the Decree adopting restrictive measures, the Government can entrust other public institutions with the promotion, monitoring, and oversight of the adopted measures.

Subsequently, the Government approved Decree 111/2022, dated 25-3-2022, on restrictive measures related to the conflict between Ukraine and the Russian Federation, in order to regulate and apply them to individuals, legal entities, or other legal subjects listed in the annexes, as well as other general measures, considering the destabilizing actions of the Russian Federation and Belarus in Ukraine. Additionally, based on the provisions of Article 3 of the Decree, the UIFAND, jointly with the AFA, are designated as control bodies within their competencies and areas of operation, for the instruction, promotion, monitoring, and oversight of the adopted measures.

Following this national legislation, the UIFAND published on its website the forms that allow for the communication of the application of restrictive measures in compliance with Decree 111/2022, which are available in the "Publications>Forms" section.

Finally, it should be added that since the approval of this Decree, the Principality of Andorra has been incorporating and implementing various modifications that have emerged over time, with the aim of aligning itself with the sanctioning legal framework of the European Union.

2. - Status of the legal acts of the annex to the Monetary Agreement pending transposition by the UIFAND

• Directive (EU) 2018/843 of the European Parliament and of the Council, dated May 30, 2018, on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing

With the aim of transposing the so-called 5th AML/TF Directive into the Andorran legal framework, the General Council approved Law 37/2021, dated December 16th, amending Law 14/2017, dated June 22nd, on the prevention and fight against money laundering or the financing of terrorism. This Law was published in the BOPA on January 3rd, 2022, and entered into force on the day following its publication, with the exception of Articles 12 and 23, related to the obligation to obtain, retain, and access information on beneficial owners and the Financial and Related Accounts Register, respectively, which will enter into force six months after their publication in the BOPA.

Regarding the most relevant aspects of this transposition, Law 37/2021 not only includes provisions of the 5th AML/TF Directive but also takes into account the FATF recommendations and Moneyval's observations in the periodic assessment procedures of the Andorran system for the prevention of money laundering and terrorist financing.

Particularly, with regard to the new provisions of FATF Recommendation 15, titled "New Technologies," which were modified after the approval of the aforementioned Directive.

Among the modifications derived from the 5th European Directive, the following are particularly notable:

- Virtual asset services providers (VASPs) are incorporated as reporting entities. The Law defines the scope of virtual asset service providers in accordance with the broader criteria established by FATF, exceeding those provided in the Directive itself. These services include: (i) the exchange between virtual assets and fiat currencies, (ii) the exchange between one or more forms of virtual assets, (iii) the transfer of virtual assets, (iv) the custody or administration of virtual assets or instruments enabling control over virtual assets, and (v) financial services related to an initial issuance or sale of a virtual asset by an issuer.
- The definitions of "virtual assets" and "virtual asset service providers" are included.
- The regulation of access to information on beneficial owners registered in the Companies Register, the Associations Register, and the Foundations Register is established, eliminating the requirement for applicants to demonstrate a legitimate interest.
- The Financial and Related Accounts Register is created. Banking entities, payment institutions, and electronic money institutions operating in the Principality of Andorra must declare in this Register the identification data of account holders and/or beneficial owners of payment accounts, bank accounts identified by an IBAN number, and rental contracts for safety deposit boxes. Access to this information is limited to UIFAND and other national competent authorities in matters of prevention, detection, investigation, or prosecution of money laundering or financing of terrorism and other related crimes.
- Access to information on real estate properties in Andorra is specifically regulated. UIFAND and other national competent authorities in matters of prevention, detection, investigation, or prosecution of money laundering or financing of terrorism and other related crimes have access to information and notarial and cadastral documentation that can identify the owners of real estate assets in Andorran territory.

Additionally, the transposition of the 5th AML/TF Directive has led to the following additional modifications:

- Decree 214/2022, dated 25-5-2022, amending the Regulations governing the registration and access to information on beneficial owners in the registers of legal entities, published in the BOPA on June 1, 2022. This Decree expands access to information registered in the Register, which was previously limited to competent authorities and reporting entities, to any person or organization that can demonstrate a legitimate interest, and those requesting information related to trusts and similar legal instruments holding controlling interests in legal persons.
- Decree 215/2022, dated 25-5-2022, amending the Regulations governing the Registry of Service Providers to Trusts and Similar Legal Instruments, published in the BOPA on June 1, 2022. Essentially, this Decree eliminates the requirement for applicants to demonstrate a legitimate interest and expands the risk scenarios

justifying the limitation of access to information, including cases of blackmail, extortion, and harassment, in addition to the already established cases of fraud, kidnapping, violence, or intimidation.

In parallel, within the scope of new technologies, and with the aim of regulating the activities of virtual assets and virtual asset service providers, it is noteworthy that on July 20th, 2022, Law 24/2022, dated June 30th, on the digital representation of assets through the use of cryptography and distributed ledger technology and blockchain, was published in the BOPA. This Law came into effect three months after its publication in the BOPA.

Primarily, to ensure its operability, Law 24/2022 aims to establish minimum rules to regulate this sector, providing a taxonomy and precise nomenclatures to improve the understanding of this technology and facilitate its acceptance, implementation, and participation in the Andorran digital market, while also providing legal certainty and resilience to participants. Hence, this Law aims to reduce fragmentation and legal uncertainty in the ecosystem of distributed ledger technology and blockchain.

Furthermore, the legislative updates of 2022 also include the transposition of the following regulations:

• Delegated Regulation (EU) 2019/758 of the Commission, dated January 31, 2019, which complements the 5th Directive regarding technical regulatory standards on the minimum measures and types of additional measures to be adopted by credit and financial institutions to mitigate the risk of money laundering and terrorist financing in certain third countries.

For this purpose, Decree 76/2022, dated March 2nd 2022, approving the implementing regulation of Law 14/2017, dated June 22nd, on the prevention and fight against money laundering or financing of terrorism, entered into force the day after its publication in the BOPA (Official Gazette of the Principality of Andorra). This decree transposes community legislation that regulates measures solely applicable to credit and financial institutions and approves the regulation of additional measures to be applied by foreign branches or subsidiaries in which financial reporting entities have a majority stake, in the cases established in Article 41(4) of Law 14/2017.

Consequently, the scope of the recipients of the new regulatory measures is limited to financial reporting entities with international presence.

• Regulation (EU) 2018/1672 of the European Parliament and of the Council, dated October 23, 2018, on controls on cash entering or leaving the Union.

The transposition of this legal text resulted in the modification of Law 14/2017 through the approval of Law 26/2022, dated July 14, amending Law 17/2013, dated October 10, on the introduction of the euro within the framework of the Monetary Agreement signed between the Principality of Andorra and the European Union, published in the BOPA on August 3, 2022.

In particular, this Law includes: (i) modifications to the first chapter of Law 14/2017, regarding the amendment and incorporation of new definitions (specifically, the modification and expansion of the definition of "cash" and the incorporation of the

definitions of "bearer" and "unaccompanied cash"), and (ii) the modification of the eighth chapter of Law 14/2017, which regulates the declaration of cross-border transportation of cash. As for this second point, the most relevant changes are as follows:

- The obligation to report the entry or exit from the Principality of Andorra of unaccompanied cash amounting to or exceeding 10.000 euros or its equivalent in foreign currency is specifically regulated, as well as the authority of the Customs Corps to seize unaccompanied cash until the sender or recipient (or their representative) makes the informational declaration.
- The powers of control and inspection of the Customs Corps are expanded to verify compliance with the obligation to report unaccompanied cash.
- Likewise, the cases in which the Customs Corps must issue an official declaration are expanded (to cover non-compliance with the obligation to declare accompanied cash and report unaccompanied cash, respectively).
- The regulation of temporary intervention of cash by the Customs Corps is updated, and the duration of this temporary intervention is modified to limit it to the strictly necessary time for the Customs Corps to determine if the circumstances of the case justify an extension of the intervention.
- The regime for the registry and treatment of information obtained by the Customs Corps is modified, as well as the transmission and availability of this information to the UIFAND (Financial Intelligence Unit of Andorra) and the Police.
- The expanded sanctioning regime includes non-compliance with the obligation to report unaccompanied cash.

Finally, it should be noted that this modification also led to the approval of Decree 377/2022, dated September 21st 2022, approving the Regulation on the declaration of cross-border transportation of cash, which was published in the BOPA on September 28th 2022, and entered into force on November 3rd 2022.

In general, this Decree introduces the models of forms for declaring accompanied and unaccompanied cash, as well as the technical rules for the exchange of information under Regulation (EU) 2018/1672.

d) Follow-up of the Action Plan

Once the second NRA was completed in December 2020, and its subsequent presentation, approval, and adoption as a "national priority" by the Council of Ministers of the Andorran Government on May 12th 2021, the UIFAND has led and coordinated the follow-up in the implementation of the improvement actions contained in the said Action Plan.

In this regard, the 66 actions included in the Action Plan have been divided into the following three categories: (1) 13 regulatory measures; (2) 38 development measures, and (3) 15 supervision measures, which have been assigned to the relevant authorities or departments, as well as to the reporting entities according to their respective areas of responsibility.

Subsequently, proactive monitoring of their transposition has been carried out through the periodic and biannual transmission of information to each responsible entity, as well as through meetings, upon prior request, to clarify and cooperate in their development.

Thus, initially, on May 28th 2021, the measures contained in the Action Plan were notified in a general manner to the authorities or departments and to all reporting entities, followed by individual communication.

Subsequently, on December 16th 2021, June 14th 2022, and December 14th 2022, a communication was sent to all reporting entities and authorities to assess the degree of implementation of the individual measures for each of them:

<u>Not. measures</u>	<u>1st req.</u>	<u>Deadline response 1st req.</u>	<u>2nd req.</u>	<u>Deadline response 2nd req.</u>	<u>3rd req.</u>	<u>Deadline response 3rd req.</u>
28/05/21	16/12/21	31/01/22	14/06/22	28/07/22	14/12/22	20/02/23

For informational purposes, here are some of the most relevant actions that have been implemented:

- Action 1: Creating a legal framework for regulating virtual assets activity

Law 37/2021, dated December 16, amending Law 14/2017, dated June 22, on the prevention and fight against money laundering or terrorist financing, which transposes into Andorran law the 5th Directive (EU) 2018/843 (Directive (EU) of the European Parliament and of the Council, of May 30th 2018, on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing), was published in the BOPA on January 3rd 2022. It introduces: (i) the definitions of "virtual assets" and "virtual asset service providers" (hereafter, "VASPs"), defining the scope of "virtual assets" according to the broader criteria of the FATF than those of the 5th Directive; (ii) the inclusion of "VASPs" as reporting financial entities; and (iii) the threshold for transactions subject to the obligation to apply due diligence measures by "VASPs". Subsequently, on July 20th 2022, Law 24/2022, dated June 30th on the digital representation of assets through the use of cryptography and distributed ledger technology and blockchain, was published in the BOPA. According to its preamble, the objective of this law is to "facilitate an optimal environment of balance between innovation, the market, societal preferences, technological development, and the legal framework while being technologically neutral in terms of regulations and competition, enabling participation with certainty and legal security, and ensuring strict compliance with the basic pillars of market functioning regulations regarding the protection of personal data, electronic contracting, investor protection, market abuse, money laundering or terrorist financing regulations, among others". Finally, on November 30, 2022, Decree 478/2022, dated November 23, 2022, approving the development regulation for acting as a digital custodian, the obligations of digital custodians, and the disciplinary and sanctioning regime, was published in the BOPA.

- Action 8: Expanding the cases for summary judgment or termination by agreement in criminal proceedings

Law 38/2022, dated December 1st, qualified as an amendment to the Qualified Law on Justice, was published in the BOPA on December 22nd 2022. Among other matters, it modifies Article 116 of the Code of Criminal Procedure, expanding the cases that can be tried through summary judgment to more serious offenses for which this procedure was previously excluded - in cases of offenses with a maximum penalty of more than four years and equal to or less than eight years of imprisonment.

- Action 9: Reviewing the criminal procedural law in light of new criminal typologies related to information technologies

Law 45/2022, dated December 22nd qualified as an amendment to Law 9/2005, dated February 21, the Qualified Penal Code, was published in the BOPA on January 18, 2023. It amends certain criminal types in light of new typologies related to information technologies, incorporating offenses provided for in Directive 2013/40/EU of the European Parliament and of the Council, of August 12th 2014, while adapting the Andorran penal legal framework to the Convention on Cybercrime, opened for signature in Budapest on November 23rd 2022.

- Action 25: Ensuring access for reporting entities to basic information from the Companies and Commerce Registers

The Companies Register, under the Ministry of the Presidency, Economy, and Business, has made a new online platform available to reporting entities for accessing beneficial ownership information of companies as of November 2022. This platform is accessible to individuals designated by reporting entities as representatives before UIFAND (Andorran Financial Intelligence Unit). Access is personal and requires a digital certificate.

The information available on the platform corresponds to the latest document submitted by companies in compliance with the "Decree of September 5th, 2018, approving the Regulation governing registration and access to information on beneficial ownership." It is important to note that this information is essential for fulfilling the requirements of Article 10.1 of Law 14/2017, which mandates that reporting entities request proof or an extract of beneficial ownership information from the relevant register.

- Action 36: Promoting the development of measures to standardize the adoption of standards and best practices for NPOs (Non-Profit Organizations)

After conducting a specific study on the non-profit organization sector ("OSALs") within the framework of the 2020 national risk assessment, UIFAND issued an informative note addressed to this sector on October 19, 2021. The objective was to provide guidelines and examples of best practices to prevent the misuse of funds or resources for

individuals and entities associated with terrorist groups or organizations, taking into account the specificities and size of the organization. Additionally, on the same date, UIFAND updated Technical Communication CT-04/2021 regarding the obligations, risk indicators, and main methods used by terrorists or terrorist organizations to exploit NPOs. Finally, on November 17th, 2021, UIFAND provided training to the subgroup of NPOs identified as being at risk of being abused for terrorist financing purposes.

- Action 40: Developing the reporting channel requirement under Article 91 of Law 14/2017

On November 21st, 2022, UIFAND issued a new Technical Communication CT-09/2022 regarding the reporting procedures and mechanisms to report potential or actual violations of the provisions of Law 14/2017 and the regulations that implement it. The communication also included the corresponding form for reporting potential or actual violations of the provisions of Law 14/2017 and its implementing regulations.

e) Operational Area

If we observe the statistics specified in section 4 of the present document regarding the volume of work generated and executed, it can be concluded that the members of this area maintain, once again, an excellent percentage of work in terms of effectiveness.

This data is supported not only by the quality of the reports that are prepared but also, and especially, because the sustained pace of work results in the absence of any backlog in affairs.

In fact, at the conclusion of the year 2022, there are no pending files from previous years. This circumstance is extremely significant in our field as it demonstrates a remarkable level of efficiency in our system.

f) Supervision Area

In line with the reference to the return to normality, this area has significantly increased its activity, especially regarding the number of on-site inspections carried out on obligated subjects, as the use of virtual means is unnecessary.

In this sense, it is worth mentioning that out of the 16 inspections conducted in 2021, 14 were initially carried out through virtual means, following the usual course of analysis according to the work plan extensively explained in the activity report of 2021.

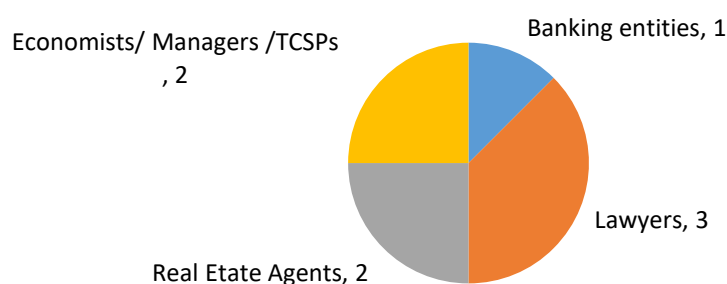
Regarding the statistics to be presented and in relation to the on-site inspections carried out in 2022, the total number of such inspections has decreased by half, a circumstance that can be explained by two main reasons: (i) within the plan established for the period 2022-2024, resulting from the changes that occurred with the mergers of two banking entities, leaving currently three entities, it has been decided for this three-year period to carry out a general inspection of the BC/FT prevention system of each entity every year, with the particularity that this type of inspection requires a preparation time, visit, and analysis that is much longer than the rest, and (ii) towards the end of 2021, a thematic

and comprehensive inspection of the insurance sector was carried out, which has been largely developed during this exercise of 2022.

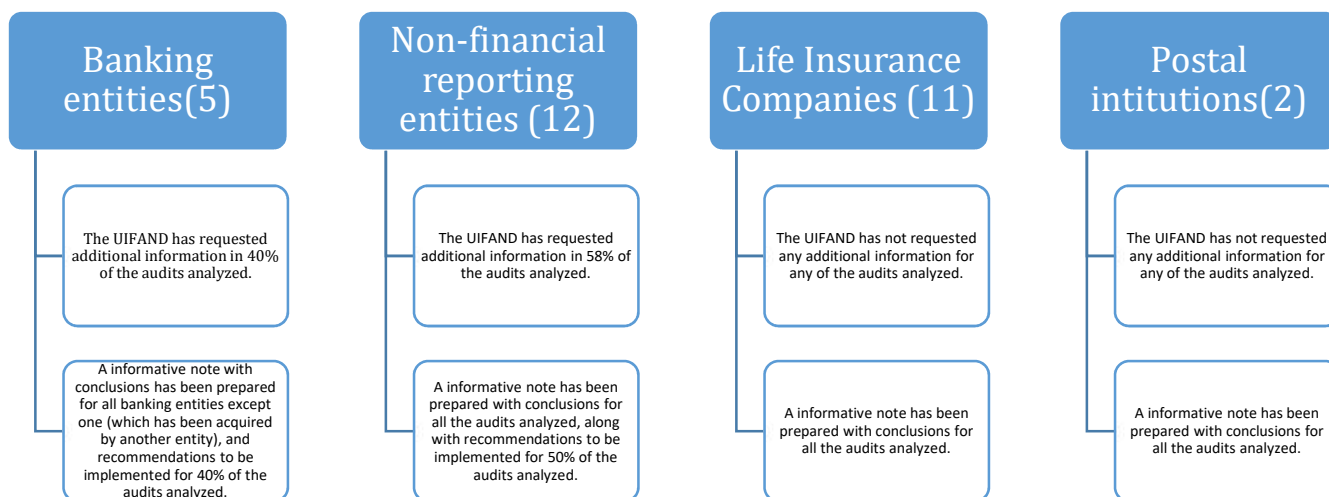
In any case, the following two graphs present the corresponding data on the number of inspections conducted and the affected sectors.

1 st Quarter (January - March)		2 nd Quarter (April - June)	
Financial reporting entities (0)	Non-financial reporting entities (1)	Financial reporting entities (0)	Non-financial reporting entities (3)
Banking entities (0) Financial institutions (0) Postal money order entities (0) Insurance companies (0) Insurance brokers (0) Virtual asset service providers (0)	Economists/ Managers /TCSPs (1) Lawyers (0) Real Estate Agents (0) Accountants/Auditors/Tax Advisors (0) Merchants of high value goods (0) Notaries (0) NPOs (0)	Banking entities (0) Financial institutions (0) Postal money order entities (0) Insurance companies (0) Insurance brokers (0) Virtual asset service providers (0)	Lawyers (1) Real Estate Agents (1) Economists/ Managers /TCSPs (1) Accountants/Auditors/Tax Advisors (0) Merchants of high value goods (0) Notaries (0) NPOs (0)
3 rd Quarter (July - September)		4 th Quarter (October - December)	
Financial reporting entities (1)	Non-financial reporting entities (2)	Financial reporting entities (0)	Non-financial reporting entities (1)
Banking entities (1) Financial institutions (0) Postal money order entities (0) Insurance companies (0) Insurance brokers (0) Virtual asset service providers (0)	Lawyers (1) Real Estate Agents (1) Accountants/Auditors/Tax Advisors (0) Merchants of high value goods (0) Notaries (0) NPOs (0) Accountants/Auditors/Tax Advisors (0)	Banking entities (0) Financial institutions (0) Postal money order entities (0) Insurance companies (0) Insurance brokers (0) Virtual asset service providers (0)	Lawyers (1) Real Estate Agents (0) Accountants/Auditors/Tax Advisors (0) Economists/ Managers /TCSPs (0) Merchants of high value goods (0) Notaries (0) NPOs (0)
TOTAL 2022			
Financial reporting entities (1)		Non-financial reporting entities (7)	
Banking entities (1) Financial institutions (0) Postal money order entities (0) Insurance companies (0) Insurance brokers (0) Virtual asset service providers (0)		Lawyers (3) Real Estate Agents (2) Accountants/Auditors/Tax Advisors (0) Economists/ Managers /TCSPs (2) Merchants of high value goods (0) Notaries (0) NPOs (0)	

Distribution of inspections conducted by sector



Regarding the external audits requested from financial, banking, and non-banking reporting entities, the following two tables explain the work generated after receiving these audits, especially in terms of the analysis explanation and the conclusions reached:



	Banking entities	Non-financial reporting entities	Life insurance companies	Postal institutions
Number of audits delivered and reviewed	5	12	11	2
Number of audits where additional information has been requested	2	7	-	-
Audit supplements	-	2	-	-
Information requests	2	6	-	-
Informative notes	4	12	11	2

As for the new publications regarding technical bulletins, informative notes, and guidelines incorporated into our website, www.uifand.ad/en/, the attached table provides information on this dissemination work:

Detail	Reporting entities addressed to:	Date	Observations
Technical Communiqué (9)			
CT-01/2022 - Risk countries according to FATF	All	07/03/22	Updated list of high-risk countries by FATF-GAFI
CT-02/2022 - Risk countries according to FATF	All	20/06/22	Updated list of high-risk countries by FATF-GAFI
CT-03/2022 - Risk countries according to the EU	All	01/08/22	Updated list of high-risk countries according to the
CT-04/2022 - Risk countries according to FATF	All	26/10/22	Updated list of high-risk countries by FATF-GAFI
CT-05/2022 - Instructions regarding audits on anti-money laundering and counter-terrorism	Life insurance companies	26/10/22	
CT-06/2022 - Instructions regarding audits on anti-money laundering and counter-terrorism	Non-banking financial institutions	26/10/22	
CT-07/2022 - Instructions regarding audits on anti-money laundering and counter-terrorism	Banks	26/10/22	
CT-08/2022 - Instructions regarding audits on anti-money laundering and counter-terrorism	Postal institutions	26/10/22	
CT-09/2022 - Whistleblowing procedures	All	21/11/22	Whistleblowing procedures and mechanisms for reporting potential or actual violations of the provisions of Law 14/2017

g) International Statements and Participations

As is customary each year, the participation of UIFAND members in external events is a fact, and the following graph summarizes this notably in relation to the two reference organizations, namely Moneyval and the Egmont Group.

Subject	Agenda	Date	Location	Number of participants UIFAND
<i>Information Exchange on ML/TF WG – IEWG</i> (Working Group - Egmont Group)	Meeting of the IEWG Working Group of the Egmont Group	31/01/2022	Virtual	1
<i>Technical Assistance and Training WG – TATWG</i> (Working Group - Egmont Group)	Meeting of the TATWG Working Group of the Egmont Group	02/02/2022	Virtual	1
<i>Membership, Support and Compliance WG – MSCWG</i> (Working Group - Egmont Group)	Meeting of the MSCWG Working Group of the Egmont Group	03/02/2022	Virtual	1
<i>Policy and Procedures WG – PPWG</i> (Working Group - Egmont Group)	Meeting of the PPWG Working Group of the Egmont Group	04/02/2022	Virtual	1

Subject	Agenda	Date	Location	Number of participants UIFAND
Europa II (Regional Group - Egmont Group)	Meeting of the Europe II Regional Group of the Egmont Group	08/02/2022	Virtual	5
FIU Ecuador and GAFILAT	TATWG International Webinar on Beneficial Ownership	15/03/2022	Virtual	5
International Monetary Fund (IMF)	IMF Evaluation of the Principality of Andorra under Article IV of the IMF's Articles of Agreement	01/04/2022	Virtual	3
Moneyval	63rd Plenary of Moneyval	16/05/2022 a 20/05/2022	Hybrid (Strasbourg, France, with virtual option)	1
Egmont Group	28th Plenary of the Egmont Group	11/07/2022 a 14/07/2022	Hybrid (Riga, Latvia, with virtual option)	3
<i>Information Exchange on ML/TF WG</i> – IEWG (Working Group - Egmont Group)	Meeting of the IEWG Working Group of the Egmont Group	11/07/2022	Hybrid (Riga, Latvia, with virtual option)	1
<i>Policy and Procedures WG</i> – PPWG (Working Group - Egmont Group)	Meeting of the PPWG Working Group of the Egmont Group	11/07/2022	Hybrid (Riga, Latvia, with virtual option)	1
<i>Membership, Support and Compliance WG</i> – MSCWG (Working Group - Egmont Group)	Meeting of the MSCWG Working Group of the Egmont Group	12/07/2022	Hybrid (Riga, Latvia, with virtual option)	1
<i>Technical Assistance and Training WG</i> – TATWG (Working Group - Egmont Group)	Meeting of the TATWG Working Group of the Egmont Group	12/07/2022	Hybrid (Riga, Latvia, with virtual option)	1
Europa II (Regional Group - Egmont Group)	Meeting of the Europe II Regional Group of the Egmont Group	12/07/2022 i 13/07/2022	Hybrid (Riga, Latvia, with virtual option)	3
Egmont Group	Meeting of the Heads of FIUs	13/07/2022	Hybrid (Riga, Latvia, with virtual option)	1
Monetary Agreement signed between Andorra and the UE	Meeting of the Joint Committee of the Monetary Agreement	11/11/2022	Andorra (Hotel Cèntric Atiram)	3
Moneyval	64th Plenary of Moneyval	05/12/2022 a 09/12/2022	Hybrid (Strasbourg, France, with virtual option)	3
Egmont Group (TATWG) i MENAFATF	International webinar on virtual assets supervision and investigation	6/09/2022 i 7/09/2022	Virtual	4
Egmont Group	Meeting of the Heads of FIUs	13/12/2022	Virtual	1

At this point, and having been extensively discussed in previous sections, all matters related to Moneyval, it is now appropriate to refer to the aspects discussed within the Egmont Group.

Particularly, there has been intensive work on a new general Strategic Plan for the Egmont Group, and specifically, concerning our field, the Europe II Regional Plan.

Thus, in July 2022, the Heads of the Financial Intelligence Units ("FIUs") that are part of the Egmont Group, with the aim of promoting the exchange of knowledge in the field of AML/FT and providing a secure exchange channel, approved the new Strategic Plan that defines the mission, vision, and values of the Egmont Group for the period 2022-2027².

Table 1: Structure of the Egmont Group Strategic Plan



Font: *Egmont Group Strategic Plan 2022-2027 (July 2022)*

This Strategic Plan includes the following four thematic areas of action that provide the framework through which the diverse activities of this Group will be coordinated over the next five years:

- 1) Improve the framework for effective information exchange among FIUs.
- 2) Enhance cooperation with associated international organizations.
- 3) Develop and promote understanding of new or emerging methods and trends in AML/FT, best practices, and Group requirements.
- 4) Enhance support to Group members and potential candidate FIUs for membership.

In accordance with the provisions of the Egmont Group Charter, Regional Groups - including Europe II, of which UIFAND is a part - are currently preparing a Regional Plan for subsequent approval by the Heads of the participating FIUs.

This new Strategic Plan is in its initial stage of discussion and builds upon the work conducted by its members based on the previous Strategic Plans developed in 2014 and 2018.

The Strategic Plan outlines a series of actions and activities aimed at ensuring the Group's position at the centre of the global framework for combating ML/TF. In this regard, the current Regional Plan covered a three-year period from 2018 to 2021, which

² <https://egmontgroup.org/wp-content/uploads/2022/08/33.-Egmont-Group-Strategic-Plan-2022-2027-1.pdf>

was subsequently extended until 2022, parallel to the extension of the overall Strategic Plan of the Egmont Group.

Therefore, it is now the responsibility of Europe II to determine the duration and key priorities of the Regional Plan, which should contribute to the thematic areas of action established in the overall Strategic Plan of the Egmont Group - as described earlier - and generally align with those established in the Strategic Plan.



Finally, we would like to mention that we were present at the 28th Plenary held from July 11th to 15th, 2022 in the city of Riga, Latvia.



h) Other aspects

In this section, we address all the significant issues related to our work.

Firstly, we would like to mention the **training activities** in which our members have participated or provided throughout this year. The summary of these activities is presented in the following table:

Subject	Organizing entities	Place	Date	Participants	Hours
Trainings received					
Legal aspects of cryptocurrencies (III Curs PBC/FT organized by UdA and ABA)	<i>Universitat d'Andorra/ABA</i>	Andorra (Hotel Cèntric Atiram)	14/01/2022	2	4
<i>FATF Introduction e-learning course</i>	GAFI (FATF)	Virtual	01/02/2022	2	5
<i>FATF's Virtual Standards Training for Moneyval countries</i>	GAFI (FATF)	Virtual	14/02/22 a 24/02/22	2	27
Response from the EU to Russia: how it affects us?	<i>Uría Menéndez</i>	Virtual	03/03/2022	1	1
<i>TATWG International Webinar on Beneficial Ownership</i>	FIU Ecuador i GAFILAT	Virtual	15/03/2022 i 16/03/2022	5	6
New Data Protection Regulations: Llei 29/2021, 28th october (LQPD)	Training and Development Department + <i>Agència Andorrana de Protecció de Dades</i>	Andorra (Centre Cultural la Llacuna)	25/04/2022	2	1,5
<i>Workshop NRA Toolkit: New tools for specific risks</i>	World Bank	Virtual	9/05/2022 a 11/05/2022	5	15
XI Financial Seminar BNY Mellon	Bank of New York Mellon	Andorra (Hotel Plaza)	11/05/2022	2	8
<i>Faces of the Organized Crime Convention: Experiences from the first phase of the UNTOC implementation Review Mechanism</i>	Secretariat UNTOC Review Mechanism	Virtual	18/05/2022	1	50 min
Conferences UDEF-UDEV Andorra	<i>Polícia d'Andorra, UDEF (Spain)</i>	Polícia Andorrana	28/06/2022 a 30/06/2022	2	17
<i>Beneficial Ownership Transparency of Legal Persons</i>	GAFI (FATF)	Virtual	01/09/2022	2	1
<i>International webinar on virtual assets supervision and investigation</i>	Grup Egmont (TATWG) i MENAFATF	Virtual	06/09/2022 i 07/09/2022	4	4
<i>COP11 Side Event on the UNTOC review mechanism</i>	UNODC	Virtual	20/10/2022	1	45min
ML and Casino Operations	FBI	Polícia Andorrana	16/11/2022	4	4
Investigation of cyberattacks and cryptocurrencies	<i>Cuerpo Nacional de la Policía Española</i>	Polícia Andorrana	15/11/2022	2	4
Trainings delivered					
III Course on anti-money laundering and countering the financing of terrorism (V)	UIFAND (organized by Universitat d'Andorra jointly with ABA)	Universitat d'Andorra	21/01/2022	2	4
Transposition of the 5th Anti-Money Laundering Directive into Andorran Law: Law 37/2021	UIFAND	Virtual	10/02/2022	365	1,5

Furthermore, regarding the opening of sanctioning administrative proceedings for non-compliance with the provisions of Law 14/2017, two procedures have been initiated against non-financial reporting entities in 2022, as detailed below:

Number proceedings	Reporting entity	Type of reporting entity	Violation class	Type of violation	Sanction amount imposed
2	External Accountant and Tax Advisor (article 2.2 a) of Law 14/2017)	Legal entity	1 serious violation	Article 72.14 of Law 14/2017: Non-compliance with the technical communications issued by UIFAND.	15.001€
	Economist and Service Provider to Companies (article 2.2 c) of Law 14/2017)	Legal person	1 serious violation	Article 72.19 of Law 14/2017: Non-compliance with the behaviours classified in Article 71 of Law 14/2017, when not committed in a serious, repeated, or systematic manner (in relation to the infringement established in Article 71.10 of Law 14/2017, which refers to the non-compliance with the obligation to conduct an individual risk assessment as stipulated in Article 5 of Law 14/2017).	3.001€

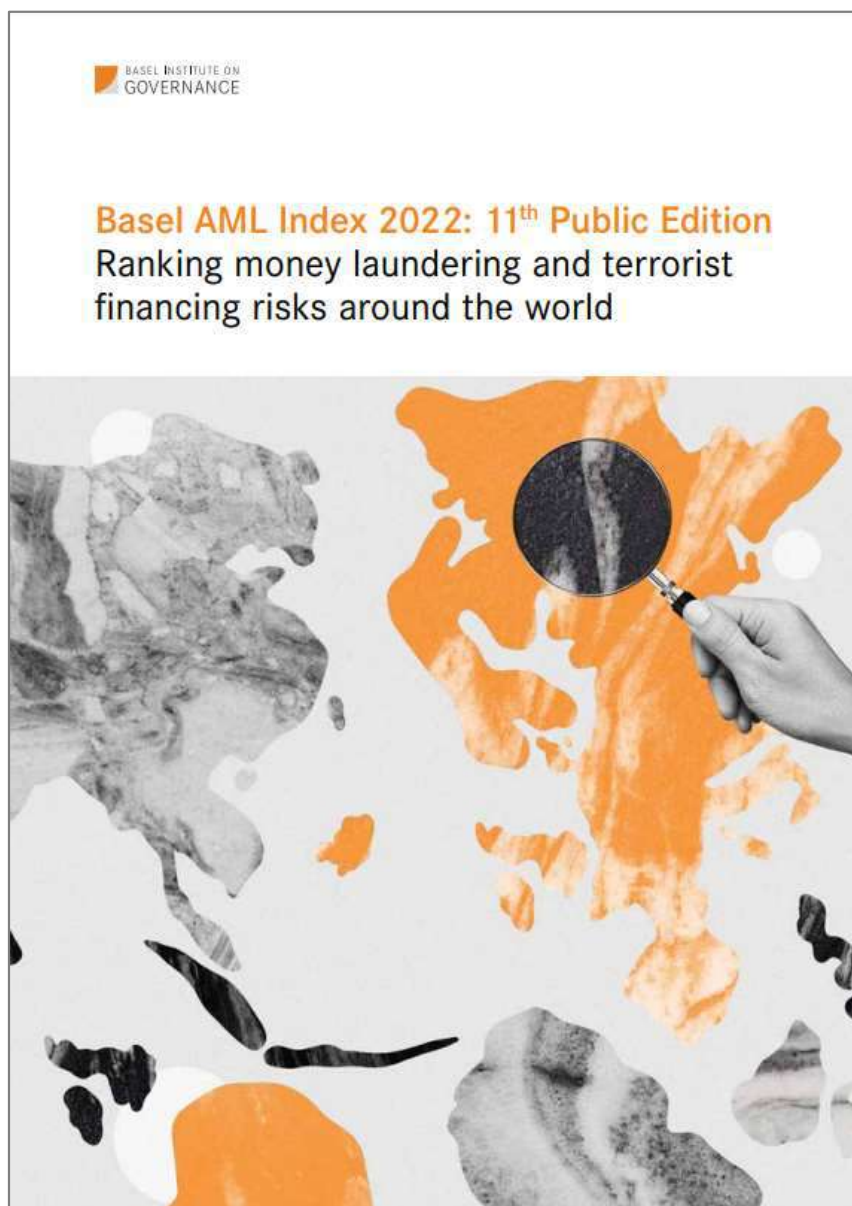
We have also been requested by various international organizations, in addition to our regular counterparts such as FATF and Moneyval, to respond to various questionnaires and provide the requested information. This is highlighted in the following table:

Subject	Body	Dates
<i>Materiality Assessment (Horizontal review: data gathering on materiality indicators)</i>	Moneyval	June 2022
<i>FATF Survey on Travel Rule Implementation</i>	GAFI (FATF)	March 2022
<i>Collaboration with Asset Recovery Networks - Questionnaire for FATF and FSRB members</i>	GAFI (FATF)	March/April 2022
<i>Actions de la Principauté d'Andorra en matière de lutte contre la fraude, le blanchiment d'argent et la criminalité organisée</i>	Government of Andorra (State Secretariat for European Affairs) for submission to the European Union	May/June 2022
<i>Practice of using virtual assets, virtual asset service providers & platforms in the laundering of criminal property (Moneyval Typologies Questionnaire)</i>	Moneyval	July 2022
<i>Questionnaire ARQ: Annual Report Questionnaire</i>	UNODC	September 2022
<i>Questionnaire regarding the role of FIUs in combating the misuse of NPOs for the purposes of ML/FT.</i>	Egmont Group (IEWG)	December 2022

Additionally, in the last third of 2022, we recognized the need for a thorough review of our website in order to update its content. This includes incorporating the latest legislative

developments and disseminating other relevant information, such as the publication of new guides and informative notes with more recent content. This extensive work, after identifying areas for improvement, will be carried out throughout the year 2023.

Lastly, for the second consecutive year, I would like to mention the new report prepared and published by the Basel Institute on October 4th, 2022, titled "Basel AML Index 2022: 11th Public Edition." In the activities report for 2021, it was extensively explained: (i) the indicators and risk factors considered, and (ii) the percentages and weighting applied, which evaluators analyse for the reviewed jurisdictions, including 203 countries in this case. The conclusions of this report highlight that the Principality of Andorra ranks as the second-best jurisdiction globally. For those interested, the report provides a summary, as the full report is available only through subscription and payment. It was published on October 5th, 2022, on the UIFAND's website.



3. PERMANENT COMMITTEE FOR THE PREVENTION OF MONEY LAUNDERING AND TERRORIST FINANCING

During the year 2022, the Permanent Committee for Money Laundering and Terrorist Financing (for its Catalan acronym, CPP), which is the technical and advisory body of the Government in the detection, prevention, and fight against ML/TF, held meetings on January 18th, June 28th, and November 15th.

Among other matters, the most relevant topics discussed during the three sessions were as follows:

- (i) The review and presentation of the main conclusions derived from the 10th meeting of the Joint Committee, held on November 18th, 2021, as well as the preparation and study of the thematic agenda for the 11th meeting of this Committee in 2022;
- (ii) The analysis of the 3rd and 4th Enhanced Follow-Up Reports, approved in 2021 and 2022 respectively;
- (iii) The analysis of the status and level of implementation of the appropriate measures derived from the 2022 National Risk Assessment Action Plan;
- (iv) The study of the current status regarding FATF Recommendation 36, currently rated as "partially compliant" ("PC"), as a result of actions taken by the Ministry of Foreign Affairs in 2022, including:
 - ❖ the ratification of the European Convention on the Suppression of Terrorism, which took place at Strasbourg on January 27th, 1977 (STCE 090), and the Protocol amending the European Convention on the Suppression of Terrorism, which took place at Strasbourg on May 15, 2003 (STCE 190),
 - ❖ the ratification of the Additional Protocol to the Council of Europe Convention on the Prevention of Terrorism (STCE 217), and
 - ❖ Andorra's accession to the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime.
- (v) The examination of the status of pending measures for combating ML/TF from a legislative perspective, and
- (vi) The presentation and review of new communications from the United Nations Security Council Sanctions Committee received from the Ministry of Foreign Affairs, as well as those arising from the lists issued by the European Union (EU) regarding the conflict between Russia and Ukraine.

4. STATISTICS FOR THE YEAR 2022 AND COMPARISON WITH 2021

In general terms, the data for the year 2022 reveals either a similar percentage compared to the previous year, in this case regarding the filing of suspicious activity reports (SARs) with a decrease of -1.54%, or a significant increase in national cooperation or cases referred to the prosecutor's office, with respective increases of +42.86% and +39.29%.

Specifically, the volume of analysis generated is slightly higher than last year, with an increase of +3.95%, and at the same time, the volume of analysis conducted also increases by +3.52%.

REPORT OF THE UIFAND'S WORK GENERATED AND CONDUCTED DURING 2022		
1. OPERATIONAL ANALYSIS		
Concept	Number	Observations
Received SARs (Suspicious Activity Reports)	64	60 Banks 1 Notaries 2 Economists / TCPs 1 Postal entity
UIF-initiated cases	-	-
National Cooperation	30	18 AFA 10 Government 1 Police 1 Customs
International Cooperation (FIU's)	64	53 - Other FIUs to UIFAND 11 - UIFAND to other FIUs
Generated volume of analysis:	158	-
Number of cases sent to the Prosecutor's Office	39	7 del 2021 32 del 2022
Values of cases sent to the Prosecutor's Office with the possibility of judicial seizure	36.701.720,43 €	Converted into a Euros
Number of archived cases	108	16 del 2021 92 del 2022
Volume of analysis conducted:	147	-
Number of ongoing investigation cases	24	24 del 2022
Number of individuals and entities investigated	1570	1181 natural persons 389 legal entities
Number of operations blocked by the FIU	-	-
2. FOREIGN INVESTMENT		
Concept	Number	Observations
Incoming demands and analysed	39	Direct investment (legal entities): 38 Real Estate Investment: 1
Negative notice	0	-
Notice for inquiry to the Police	20	-
Observation report to the Companies Registry	8	-
Withdrawal	-	-
Individuals analysed within the framework of foreign investment	155	80 natural persons 75 legal entities
3. TOTAL		
Concept	Number	Observations
Volume of work performed (operational analysis)	147	-
Number of analysed IE requests	39	-
Total volume of work performed:	186	-

BALANÇ DEL TREBALL GENERAT I EFECTUAT A LA UIFAND					
YEAR:	2021		2022		Evolution % (2021-2022)
1. OPERATIONAL ANALYSIS					
Concept	Number	Observations	Number	Observations	
Received SARs (Suspicious Activity Reports)	65	56 Banks 1 Notaries 3 TCPs 1 Accountant 1 Real estate agent 2 Insurance companies 1 Epostal entities	64	60 Banks 1 Notaries 2 Economists / TCPs 1 Postal entities	-1,54%
UIF-initiated cases	2	-	-	-	-100,00%
National Cooperation	21	20 AFA 1 Govern	30	18 AFA 10 Government 1 Police 1 Customs	42,86%
International Cooperation (FIU's)	64	53 - Other FIUs to UIFAND 11 - UIFAND to other FIUs	64	53 - Other FIUs to UIFAND 11 - UIFAND to other FIUs	0,00%
Generated volume of analysis:	152	-	158	-	3,95%
Number of cases sent to the Prosecutor's Office	28	8 from2020 20 from 2021	39	7 from 2021 32 from 2022	39,29%
Values of cases sent to the Prosecutor's Office with the possibility of judicial seizure	10.485.700 €	Converted into EUR	36.701.720,43 €	Converted into EUR	-
Number of archived cases	114	17 from 2020 97 from 2021	108	16 from 2021 92 from 2022	-5,26%
Volume of analysis conducted:	142	-	147	-	3,52%
Number of ongoing investigation cases	32	32 from 2021	24	24 from 2022	-25%
Number of individuals and entities investigated	984	407 natural persons 577 legal entities	1570	1181 natural persons 389 legal entities	59,55%
Number of operations blocked by the FIU	-	-	-	-	-
2. FOREIGN INVESTMENT					
Incoming demands and analyzed	19	Direct investment (legal entities): 19 Real estate investment: 0	39	Direct investment (legal entities): 38 Real estate investment: 1	105,26%
Negative notice	1	-	0	-	-100,00%
Notice for inquiry to the Police	4	-	20	-	400,00%
Observation report to the Companies Registry	9	-	8	-	-11,11%
Withdrawal	-	-	-	-	-
Individuals analyzed within the framework of foreign investment	58	33 natural persons 25 legal entities	155	80 natural persons 75 legal entities	167,24%
3. TOTAL					
Volume of work performed (operational analysis)	142	-	147	-	3,52%
Number of analyzed FI requests	19	-	39	-	105,26%
Total volume of work performed:	161	-	186	-	15,53%

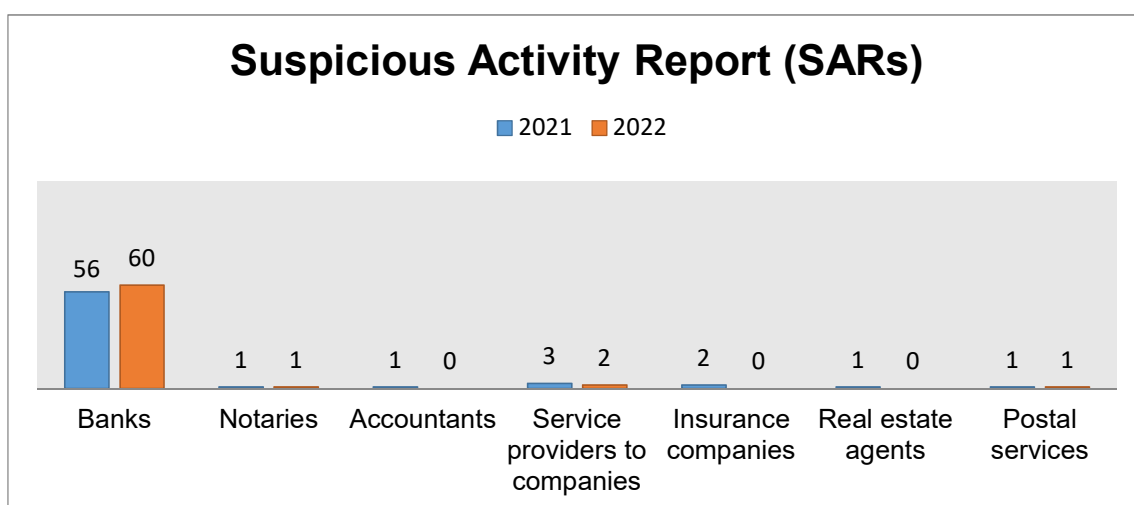
a. Operational analysis

• Suspicious transaction reports

The number of suspicious transaction reports remains practically the same, as it has decreased by only one, but the difference lies in the fact that the banking financial sector has submitted more reports, almost +10%, while for the rest, the reporting entities type is lower.

Furthermore, there have been no self-initiated case openings.

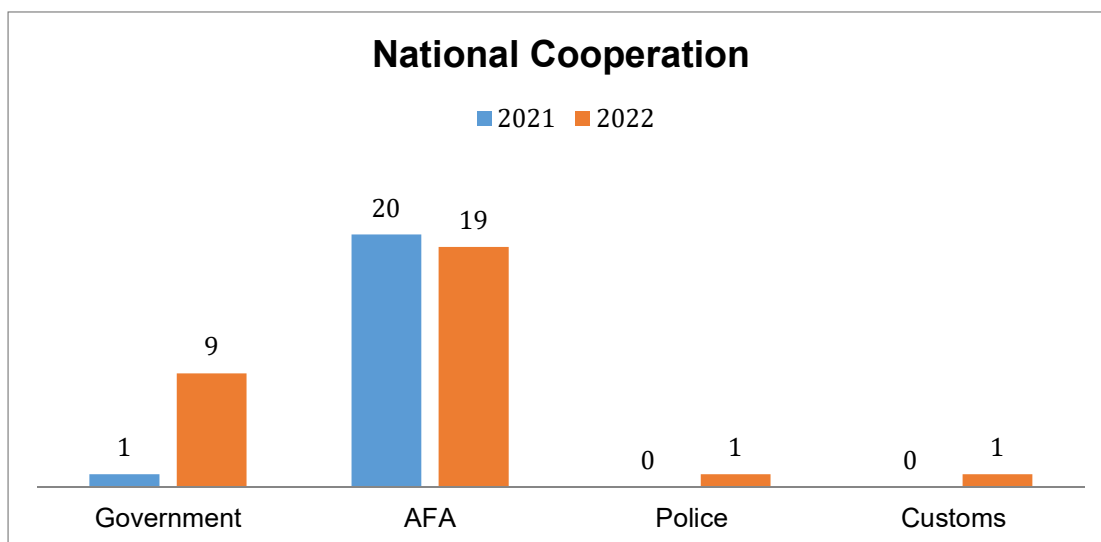
Suspicious Activity Report (SARs)		
Reporting entities	2021	2022
Banks	56	60
Notaries	1	1
Accountants	1	0
Service providers to companies	3	2
Insurance companies	2	0
Real estate agents	1	0
Postal services	1	1
TOTAL	65	64



- **National cooperation**

There has been a significant increase in data, both in terms of the number of requests made and the different requesting entities.

National cooperation		
Body	2021	2022
Government	1	9
AFA	20	19
Police	0	1
Customs	0	1
TOTAL	21	30



- **International cooperation**

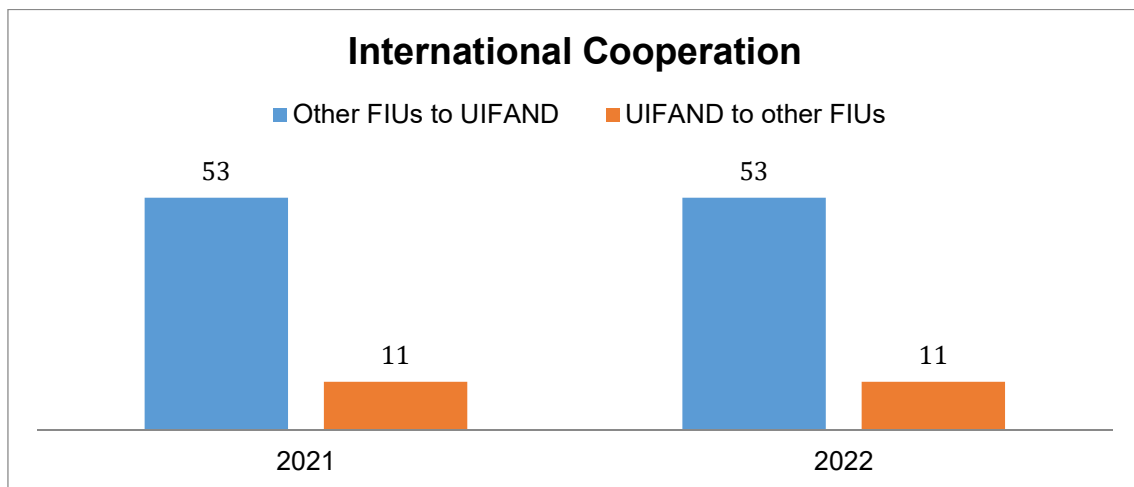
In this case, the data regarding the overall number of cases processed remains exactly the same as the previous year, as well as the number of received requests, whether it be cooperation requests or spontaneous disseminations.

Specifically, the number of external requests for international cooperation amounts to 53, and the number of requests sent by UIFAND is 11.

It is worth noting that 15 jurisdictions have contacted UIFAND, and UIFAND has requested assistance from 11 other countries.

Finally, it is important to highlight that the response time continues to be very low, with an average turnaround of 7 days, demonstrating once again the excellent level of cooperation of our Unit.

International Cooperation		
Information requests	2021	2022
Other FIUs to UIFAND	53	53
UIFAND to other FIUs	11	11
TOTAL	64	64



INTERNATIONAL COOPERATION PER COUNTRY 2022					
Requesting countries (Other FIUs to UIFAND)	Number of requests	Number of spontaneous disseminations	Response time (days)		
Algeria	-	1	1		
Belgium	-	1	1		
Spain	1	-	2		
France	2	-	19	12	
Kazakhstan	1	-	14		
Liechtenstein	2	-	2	2	
Luxembourg	1	1	1	2	
Malta	-	2	10	4	
Mexico	33	-	8 (per 31)	1 (per 1)	9 (per 1)
Montenegro	1	-	8		
Peru	1	-	2		
United Kingdom	1	-	8		
Syria	-	1	4		
Ukraine	-	2	1	2	
Venezuela	2	-	2	12	
Total :	45	8	Average response within 7 days		
Total international cooperation:	53				

INTERNATIONAL COOPERATION PER COUNTRY 2022	
Requesting countries (UIFAND to other FIUs)	Number of requests
Portugal	1
France	3
Monaco	1
Lithuania	1
Spain	2
United States	1
Italy	1
Suisse	1
Total international cooperation:	11

- **Cases forwarded to the Prosecutor's Office and amounts subject to potential judicial seizure**

As mentioned earlier, the number of cases forwarded to the General Prosecutor's Office has also substantially increased, from 28 cases in the previous year to the current 39 cases.

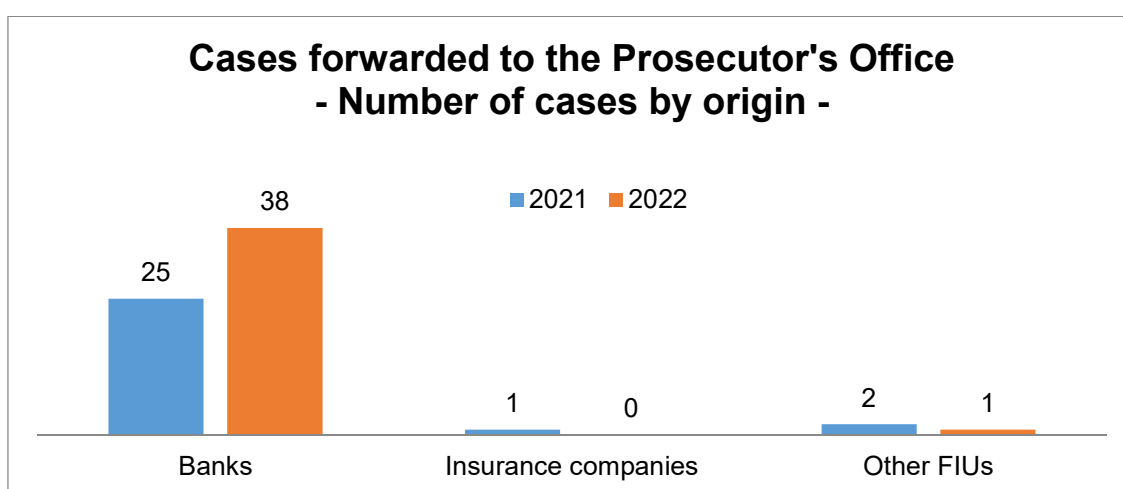
Regarding the origin of these actions, cases originating from suspicious reports from the banking sector continue to predominate.

Another data point relates to the volume of funds subject to potential judicial seizure in the cases forwarded, which has seen a significant increase, as reflected in the graph.

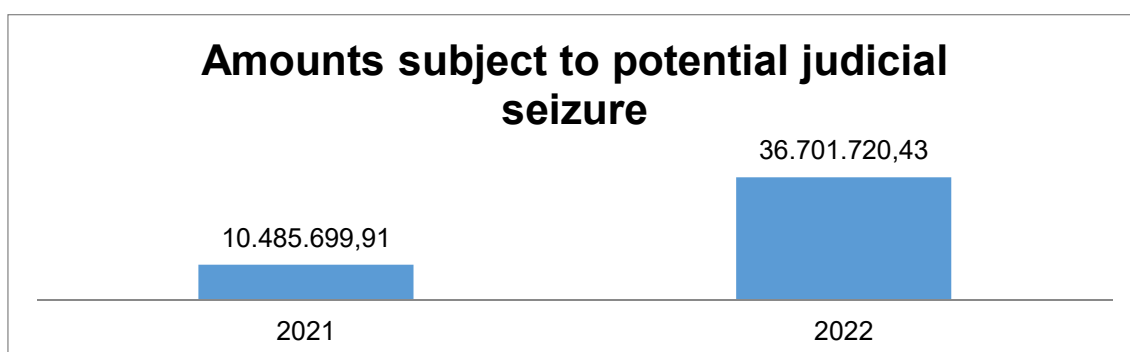
Conversely, the number of archived cases has decreased by -5.26%, from 114 cases in 2021 to the current 108 cases.

Finally, in relation to ongoing investigation cases, this data has also decreased, from 32 cases in 2021 to 24 cases for this year. What is most important is that all of these cases pertain to files received in the same year, 2022.

Cases forwarded to the Prosecutor's Office - Number of cases by origin -		
Origen	2021	2022
Banks	25	38
Insurance companies	1	-
Other FIUs	2	1
TOTAL	28	39



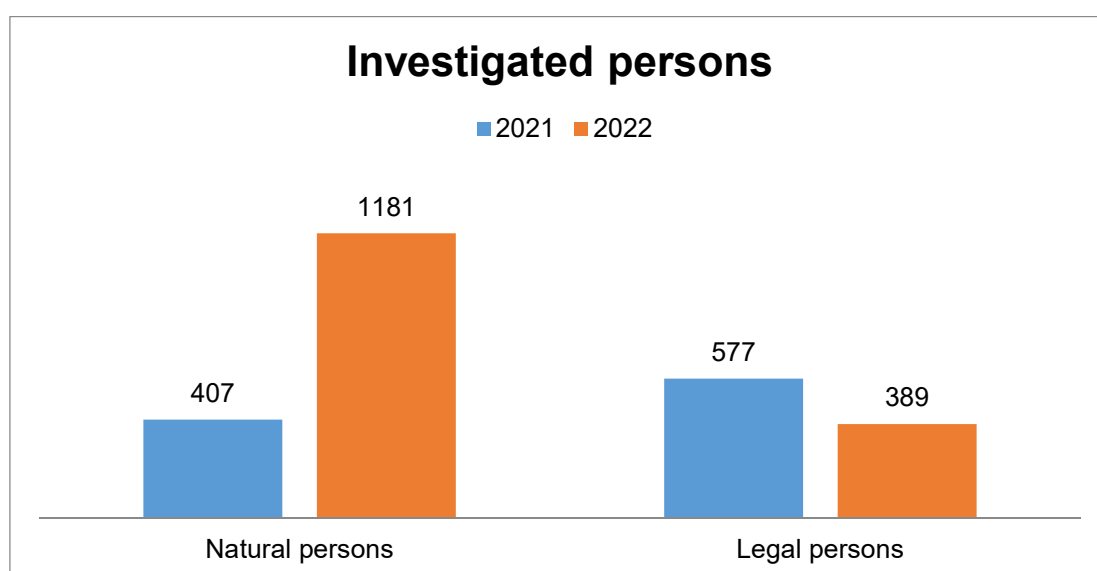
Potential judicial seizure	
2021	2022
10.485.699,91 €	36.701.720,43 €



- **Number of individuals under investigation**

The figure provided is based on the total number of cases analysed, which may not necessarily be proportional to the number of cases when compared to previous years.

Investigated persons		
Persons	2021	2022
Natural persons	407	1181
Legal persons	577	389
Total	984	1570

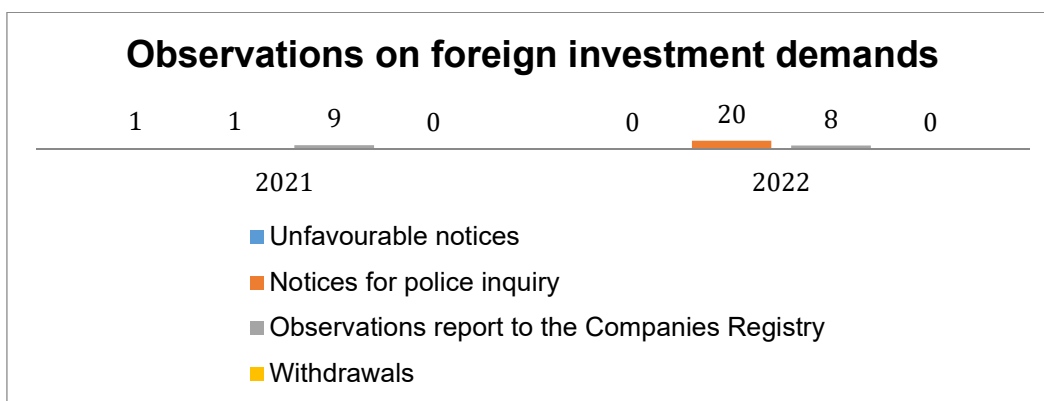


b. Foreign investment

- **Applications submitted**

Contrary to the previous two years, where the number of requests received from the Ministry of Economy and Competitiveness decreased, this year they have significantly increased, going from 19 in 2021 to the current 39. Among these requests, an Inquiry Report or Observations Report was issued in 28 of them, as detailed in the corresponding graph.

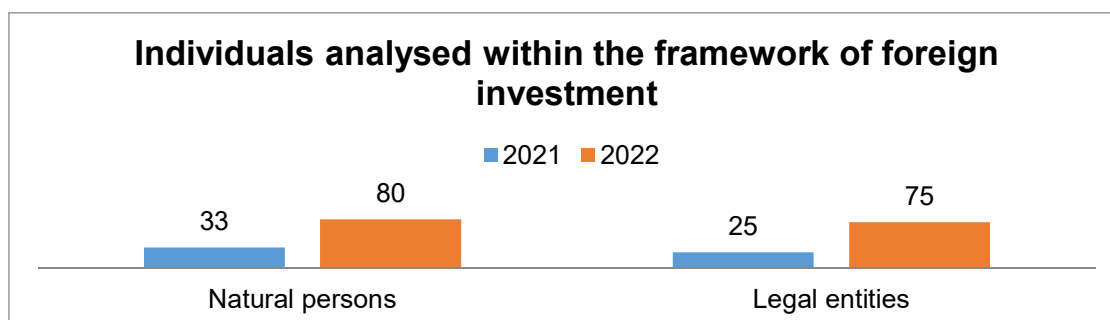
Foreign investment		
Types of cases	2021	2022
Incoming demands	19	39
Analysed demands	19	39
Unfavourable notices	1	-
Notices for police inquiry	1	20
Observations report to the Companies Registry	9	8
Withdrawals	-	-
TOTAL	19	39



• Number of individuals analysed

Following the previous information, although the data may not be proportional, it is true that with an increase in the number of requests, the number of individuals analysed also increases.

Individuals analysed within the framework of foreign investment		
Persons	2021	2022
Natural persons	33	80
Legal entities	25	75
Total	58	155





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