



Krajowa Administracja
Skarbowa

REPORT
of the General Inspector of Financial
Information
on the implementation of
the Act of 16 November 2000
on counteracting money laundering and
terrorist financing in 2017

Warsaw, March 2018

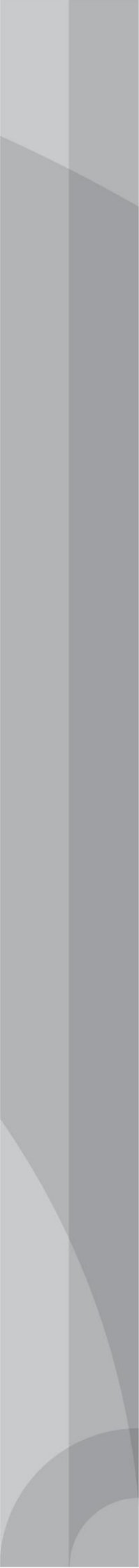


TABLE OF CONTENTS

1. INTRODUCTION	5
2. INFORMATION ON THE DATA SUBMITTED TO THE GIF1	7
2.1. INFORMATION ON SUSPICIOUS TRANSACTIONS	7
2.2. INFORMATION ON TRANSACTIONS ABOVE THE THRESHOLD	11
2.3. INFORMATION ARISING FROM CROSS-BORDER CASH DECLARATIONS	16
3. ANALYSES	21
3.1. COUNTERACTING MONEY LAUNDERING	22
3.1.1. ANALYTICAL PROCEEDINGS AND THEIR EFFECTS	22
3.1.2. SAMPLE DIRECTIONS OF ANALYSES	26
3.2. COUNTERACTING TERRORIST FINANCING	29
4. CONTROLS	32
4.1. CONTROLS CONDUCTED BY THE GIF1	32
4.2. CONTROLS CONDUCTED BY SUPERVISORY INSTITUTIONS	34
4.3. ADMINISTRATIVE PROCEDURES FOR THE IMPOSITION OF FINES	35
5. NATIONAL COOPERATION	36
5.1. EXCHANGE OF INFORMATION WITH NATIONAL ENTITIES	36
5.1.1. COOPERATION WITH ORGANISATIONAL UNITS OF PROSECUTOR'S OFFICES AND COURTS	37
5.1.2. COOPERATION WITH BODIES OF THE NATIONAL REVENUE ADMINISTRATION	39
5.1.3. COOPERATION WITH AUTHORITIES REPORTING TO THE MINISTER OF THE INTERIOR	41
5.1.4. COOPERATION WITH THE STATE SECURITY SERVICES	42
5.1.5. COOPERATION WITH THE CENTRAL ANTICORRUPTION BUREAU	43
5.1.6. COOPERATION WITH THE NCIC	44
5.1.7. OTHER INFORMATION	44
5.2. TRAINING ACTIVITIES	45
6. INTERNATIONAL COOPERATION	48
6.1. COOPERATION WITH THE EUROPEAN COMMISSION	48
6.1.1. EXPERT GROUP ON MONEY LAUNDERING AND TERRORIST FINANCING	48
6.1.2. THE EU-FIU PLATFORM	49
6.1.3. THE FIU.NET ADVISORY GROUP	50
6.2. COOPERATION WITH THE COUNCIL OF THE EUROPEAN UNION	50
6.3. THE MONEYVAL COMMITTEE	51
6.4. CONFERENCE OF THE STATES PARTIES TO THE WARSAW CONVENTION	52
6.5. THE EGMONT GROUP	53
6.6. FINANCIAL ACTION TASK FORCE	54
6.7. THE EURASIAN GROUP ON COMBATING MONEY LAUNDERING AND FINANCING OF TERRORISM	55
6.8. COUNTER-ISIL FINANCE GROUP	56
6.9. BILATERAL COOPERATION	57
6.9.1. MEMORANDA OF UNDERSTANDING	57

TABLE OF CONTENTS

6.9.2. THE EXCHANGE OF INFORMATION WITH FOREIGN FIUs	58
6.10. OTHER ISSUES	62
6.10.1. ASSISTANCE PROJECT FOR THE FIU IN UKRAINE	62
6.10.2. GIFU STUDY VISIT TO ISRAEL	63
6.10.3. REGIONAL WORKSHOP OF FIUs FROM CENTRAL AND EASTERN EUROPE	63
6.10.4. VISIT OF THE GERMAN FIU DELEGATION	64
6.10.5. CONFERENCE OF HUNGARIAN CUSTOMS AND REVENUE ADMINISTRATION	64
6.10.6. FATF ICRG WORKING GROUP FOR IRANIAN ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING SYSTEM.	64
7. APPLICATION OF SPECIFIC RESTRICTIVE MEASURES	65
8. NATIONAL RISK ASSESSMENT OF MONEY LAUNDERING AND TERRORIST FINANCING	66
9. LEGAL ACTIVITY	68
9.1. LEGISLATIVE WORKS	68
9.2. ISSUING POSITIONS IN THE SCOPE OF APPLICATION OF LEGAL REGULATIONS	69

Abbreviations and acronyms:

ABW	Internal Security Agency
AML/CTF	<i>anti-money laundering and counter-terrorism financing</i>
CAT	ABW Anti-Terrorist Centre
CBA	Central Anti-Corruption Bureau
CBŚP	Central Bureau of Investigation of the Police
CEP	<i>Compliance Enhancing Procedure</i> , i.e. the procedure enhancing compliance applied towards countries demonstrating gaps in compliance of national AML/CTF systems with the FATF recommendations.
COP	<i>Conference of the Parties to the CETS 198</i> , i.e. the Conference of the States Parties to the Warsaw Convention (the body established under Article 48 of the <i>Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism of 16 May 2005 - CETS 198</i> , stipulating creation of the monitoring mechanism to ensure the application of its provisions)
OJ	Official Journal
EAG	<i>The Eurasian Group on Combating Money Laundering and Financing of Terrorism</i> (the organisation established in 2004 being a FATF-style regional body and a FATF affiliate member)
EGMLTF	<i>Expert Group on Money Laundering and Terrorist Financing</i> , operating at the European Commission
FATF	<i>Financial Action Task Force</i> , established in 1989 during the G-7 summit in Paris, dealing with the analysis and assessment of threats related to money laundering and terrorist financing, in particular in the context of 40 recommendations it issued, defining international standards in the scope of counteracting money laundering and financing of terrorism and proliferation
FATF TFFFI	<i>FATF Terrorist Financing Fact Finding Initiative</i>
FinTech	<i>Financial Technology</i> (the term referring to the market sector using innovative technologies, in particular in the area of information technology, to offer services of financial nature)
FTF	<i>foreign terrorist fighters</i>
GIFI	General Inspector of Financial Information
ICRG	<i>International Cooperation Review Group</i> , of the FATF
ITMCFM	<i>International Training and Methodology Centre for Financial Monitoring</i> (the entity established by the Russian financial intelligence unit – ROSFINMONITORING, under the Decree of the Government of the Russian Federation of 2005)
IMPA	<i>Israeli Money Laundering and Terrorist Financing Prohibition Authority</i>
FIU	<i>Financial Intelligence Unit</i> (in accordance with the FATF Recommendation no. 29 – the financial intelligence unit shall mean “a

national centre

for the receipt and analysis of: (a) suspicious transaction reports; and (b) other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis” which “should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative and law enforcement information that it requires to undertake its functions properly.”)

NRA	National Revenue Administration
NCIC	National Centre of Criminal Information
EC	European Commission
KNF	Polish Financial Supervision Authority
MONEYVAL	also referred to as the MONEYVAL Committee - <i>Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism</i> , (the body of the Council of Europe established in 1997 dedicated for the monitoring and assessment of MONEYVAL member states' compliance with the basic international rules related to AML/CTF, as well as effectiveness of their implementation, being a FATF-style regional body and a FATF affiliate member)
M.P.	the Official Gazette “Monitor Polski”
ITTT	Inter-ministerial Team for Terrorist Threats (established pursuant to <i>Regulation no. 162 of the Prime Minister of October 2006</i> as an auxiliary body of the Council of Ministers in the scope of ensuring the interoperability of the central administration in the scope of detecting, preventing and counteracting threats of terrorist nature).
RegTech	<i>Regulatory Technology</i> , i.e. technology for regulatory purposes (the term referring to the market sector offering various types of technologies, in particular in the scope of information technology, used for data collecting, processing and reporting in order to comply with regulatory requirements)
RP	Republic of Poland
SAR	<i>Suspicious Activity Report</i>
SKOK	Cooperative Savings and Credit Union
STR	<i>Suspicious Transaction Report</i>
TFTP	<i>Terrorist Finance Tracking Program</i> (the programme initiated by the U.S. Treasury Department after the terrorist attacks of 11 September 2001)
TFUE	Treaty on the Functioning of the European Union
UE	European Union
VAT	<i>Value Added Tax</i>
WGE	<i>Working Group on Evaluations</i> (operating within the MONEYVAL Committee)

1. INTRODUCTION



In 2017 the General Inspector of Financial Information (GIFI) undertook multifaceted activities in connection with counteracting money laundering and terrorist financing, in accordance with the scope of statutory powers. First of all, as a result of the analyses conducted, the GIFI submitted 340 notifications of suspected money laundering to prosecutor's offices (so-called main and supplementary notifications), related to suspicious transactions for the total amount of PLN 6.2 billion. **Moreover, the GIFI blocked 351 accounts and suspended 21 transactions, consequently seizing assets with the total value of PLN 143.6 million.**

In 2017, the number of blocked accounts was higher by almost 8% than in the preceding year. The vast majority of account blocking operations were associated with suspected money laundering originating from criminal fiscal offences, in particular, fraud in applying the VAT mechanism for the purpose of extorting tax return or avoidance of due tax payment. Other sources of funds subject to legalising identified by the GIFI within the analytical activities performed included: fraud, extortion, smuggling and trading in tobacco products, corruption, activities detrimental to an economic operator, illegal drug trafficking, *phishing attacks*. Detected elements of the fund legalising practice included, inter alia: use of electronic banking, on-line exchange offices used for the exchange of foreign currency or decentralised virtual currency.

In terms of the GIFI position as an authority, 2017 was a specific year. For the first time in a given year, the GIFI operated within two different organisational structures. In January-February, it operated as a separate body at the Ministry of Finance. As of 1 March 2017 - upon the entry into force of the provisions of the *Act of 16 November 2016 on the National Revenue Administration* (Journal of Laws of 2018, item 508) including its implementing regulations - the Head of the National Revenue Administration (NRA) became the General Inspector of Financial Information. The Financial Information Department continued to act as the organisational unit operating the GIFI. Its organisational structure did not change, however, it has become the NRA organisational unit at the central level, at the Ministry of Finance. At the same time, in connection with the reform of the revenue administration which stipulated liquidation of the authority of the General Inspector of Treasury Control and treasury control offices as well as the consolidation of tax and customs control bodies, the relationship between the GIFI and the NRA organisational units was changed. The provisions of the *Act of 16 November 2000 on Counteracting Money Laundering and Terrorist Financing* (Journal of Laws of 2017, item 1049), hereinafter referred to as the *Act* were

amended. The amendments enabled direct cooperation between units reporting to the Head of the NRA, i.e. Directors of Revenue Administration Regional Offices and Heads of Customs and Tax Control Offices with the GIFI. Consequently, the responsibilities of the GIFI and NRA units were significantly strengthened with the aim of counteracting tax crime, mainly with the purpose of elimination of so-called “VAT gap”. It was also reflected in the cooperation between the GIFI and the NRA bodies, which constituted half of the overall information exchange with the cooperating units.

In 2017, active legislative work was undertaken at the Financial Information Department with the aim of drafting the amendments to the *Act on the Central Base of Accounts* and preparing the draft of the new *Act on Counteracting Money Laundering and Terrorist Financing* with the purpose of implementation of *Directive of the European Parliament and of the Council (EU) no. 2015/849 of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC* (hereinafter referred to as Directive 2015/849). Moreover, the draft stipulated the implementation of amended FATF recommendations as well as enhancing the effectiveness of the national anti-money laundering and counter-terrorism financing system. To that end, the draft also takes into account the experience associated with the application of the former *Act on Counteracting Money Laundering and Terrorist Financing*. The significance of the following new solutions should be recognised: introduction of new obligated institutions - platforms for the exchange of virtual currency, introduction of the definition of virtual currency, new placement of the Financial Security Committee and providing legal framework for establishing the Central Register of Beneficial Owners.

In addition, GIFI representatives cooperated with other organisational units of the Ministry of Finance in the scope of preparing innovative solutions in the scope of counteracting fiscal crime through the clearing house ICT system (STIR).

Moreover, the GIFI collaborated with the Ministry of Justice in the scope of modification of the provisions of Article 165a of the *Penal Code*, penalising terrorist financing. The amendment prepared allowed for adjusting the provisions of the article to international requirements, including penalising the behaviour of so-called lone wolves and persons financing the activity of terrorist organisations in indirect preparation of attacks (providing broad logistic support).

2. INFORMATION ON THE DATA SUBMITTED TO THE GIFI

2.1. INFORMATION ON SUSPICIOUS TRANSACTIONS

In 2017, 4115 descriptive notifications of suspicious activities and transactions, so-called SARs (*Suspicious Activity Reports*), which were included in conducted analytical proceedings, were recorded in the GIFI IT system. The aforementioned notifications contain a description of a few, several or even several hundred transactions (related to each other through parties to transactions, circumstances of conducting a transaction, similar execution period and/or involvement of the same asset values) and accompanying circumstances which in the opinion of the notifying authority/unit may be related to money laundering or terrorist financing. Common components of these notifications often include additional data and documents justifying the suspicion and aiming at facilitating the proceedings (e.g., account records, copies of documents related to the transactions, etc.).

Table no. 1 – Number of SARs received in the period of 2001-2017

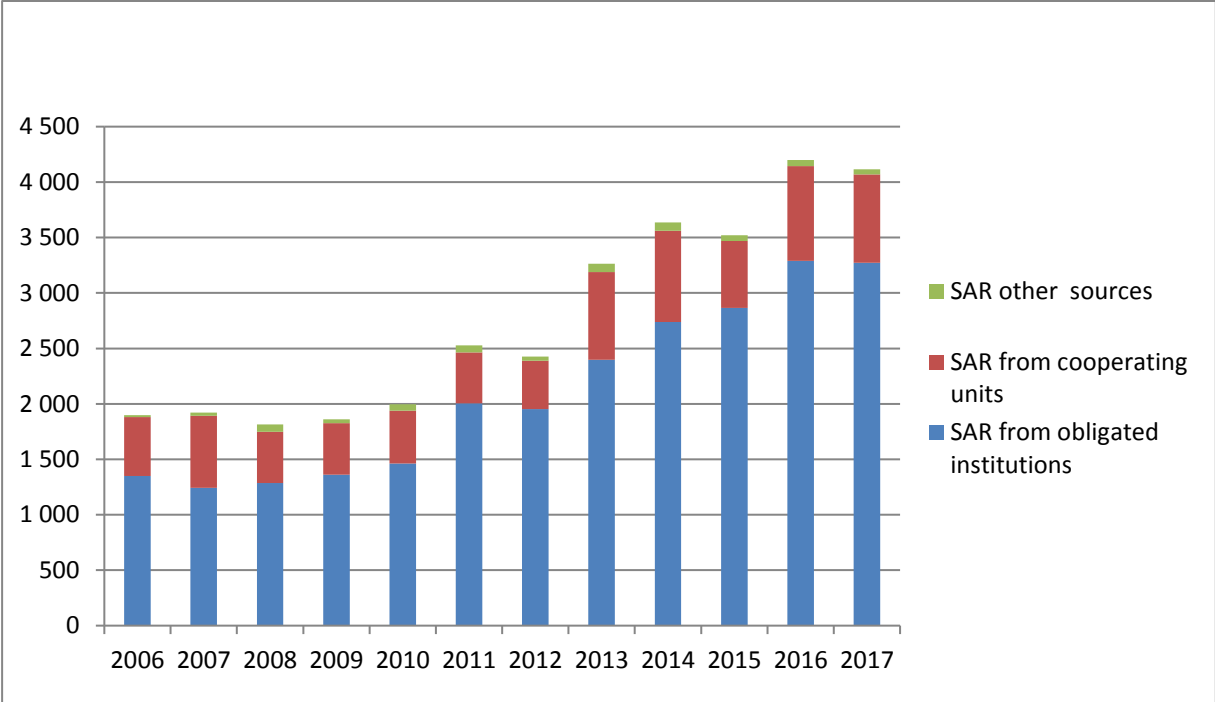
Period	Obligated institutions	Cooperating units	Other sources	Total
2001 (from July)	102	115	14	231
2002	358	237	19	614
2003	739	211	15	965
2004	860	521	16	1,397
2005	1,011	500	15	1,526
2006	1,351	530	17	1,898
2007	1,244	648	28	1,920
2008	1,287	460	68	1,815
2009	1,362	464	36	1,862
2010	1,462	476	59	1,997
2011	2,004	461	62	2,527
2012	1,954	436	37	2,427
2013	2,399	789	77	3,265
2014	2,739	823	75	3,637
2015	2,863	604	53	3,520
2016	3,290	853	55	4,198
2017	3,272	796	47	4,115

The descriptive reports – as compared to the notifications on individual suspicious transactions – include more information, particularly with regard to the suspicion of committing a crime and circumstances accompanying the transactions. Such a broad spectrum of information enables

faster verification of the data received in other sources of information and reduces the implementation time of actions undertaken by the GIFI in cooperation with the prosecutor's office and the law enforcement agencies.

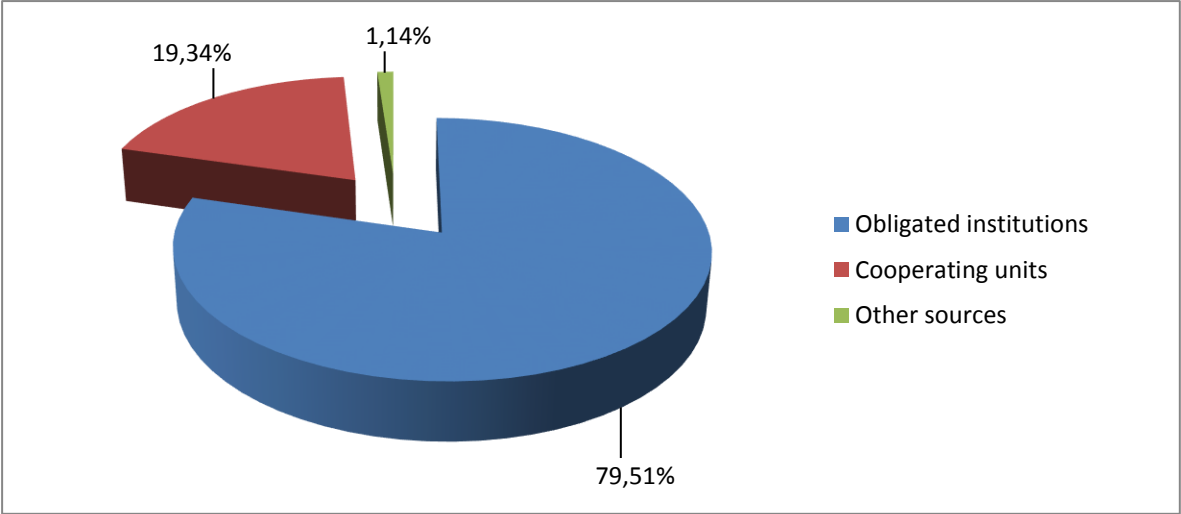
The number of descriptive notifications from all sources has remained at a high level for five years, staying at a level above 4 thousand per year for two years.

Chart no. 1 - Number of SARs reported to the GIFI in the years 2006-2017



The percentage share of descriptive notifications received from the particular sources of information is illustrated in the chart below.

Chart no. 2 – Sources of SARs in 2017 (SAR)



In 2017, 796 descriptive notifications from cooperating units (CUs) were registered. This figure has remained, on average, at a level two-fold higher than in 2008-2012, which is associated with the fact of intensive cooperation of the GIFI with other State authorities. This cooperation results, among others, in better understanding of the money laundering phenomenon, which translates into the growth in the number of the SARs.

In 2017, the GIFI received 3.272 SARs from the obligated institutions, while their number has been growing nearly uninterruptedly since 2010 (at present, it is over twofold higher than the average of 2006-2010). The distribution of the descriptive notifications among the particular groups of institutions by type of activity pursued is illustrated in Table 2.

Table no. 2 – Distribution of descriptive notifications from obligated institutions by type of institution

Type of institution	Number of SARs	Percentage share
Banks/ branches of foreign banks/ branches of credit institutions	3,104	94.87%
Brokerage houses / other entities carrying out brokerage activities	16	0.49%
Cooperative savings and credit unions	44	1.34%
Insurance companies / branches of insurance companies	4	0.12%
Tax advisers, auditors and accountants	12	0.37%
Civil law notaries, legal counsels and attorneys	20	0.61%
Enterprises conducting leasing or factoring business	9	0.28%
Other entrepreneurs receiving payments in cash \geq EUR 15,000	43	1.31%
Exchange offices	1	0.03%
Payment institutions	19	0.58%
Total:	3,272	100.00%

In 2017, the GIFI received 62,124 pieces of information from the obligated institutions, concerning single transactions where circumstances may indicate association with criminal offence (*Suspicious Transaction Reports - STR*), including 62,103 transactions designated as suspected of money laundering (*Suspicious Transaction Reports on Money Laundering - STR-ML*), and 21 transactions – as suspected of terrorist financing (*Suspicious Transaction Reports on Terrorist Financing - STR-TF*). The overall number of information of this type submitted to the GIFI comprises:

- information concerning single suspicious transactions reported by the obligated institutions to the GIFI directly pursuant to Article 11 of the *Act* in conjunction with Article 8(3) of the *Act* as well as
- information concerning single suspicious transactions reported by the obligated institutions under the procedure of completion/change of the information submitted formerly pursuant to Article 11 of the *Act* in conjunction with Article 8(1) of the *Act* (i.e. information concerning transactions above threshold which, as a result of subsequent analysis, has been recognised as a transaction where circumstances may indicate its potential association with a criminal offence).

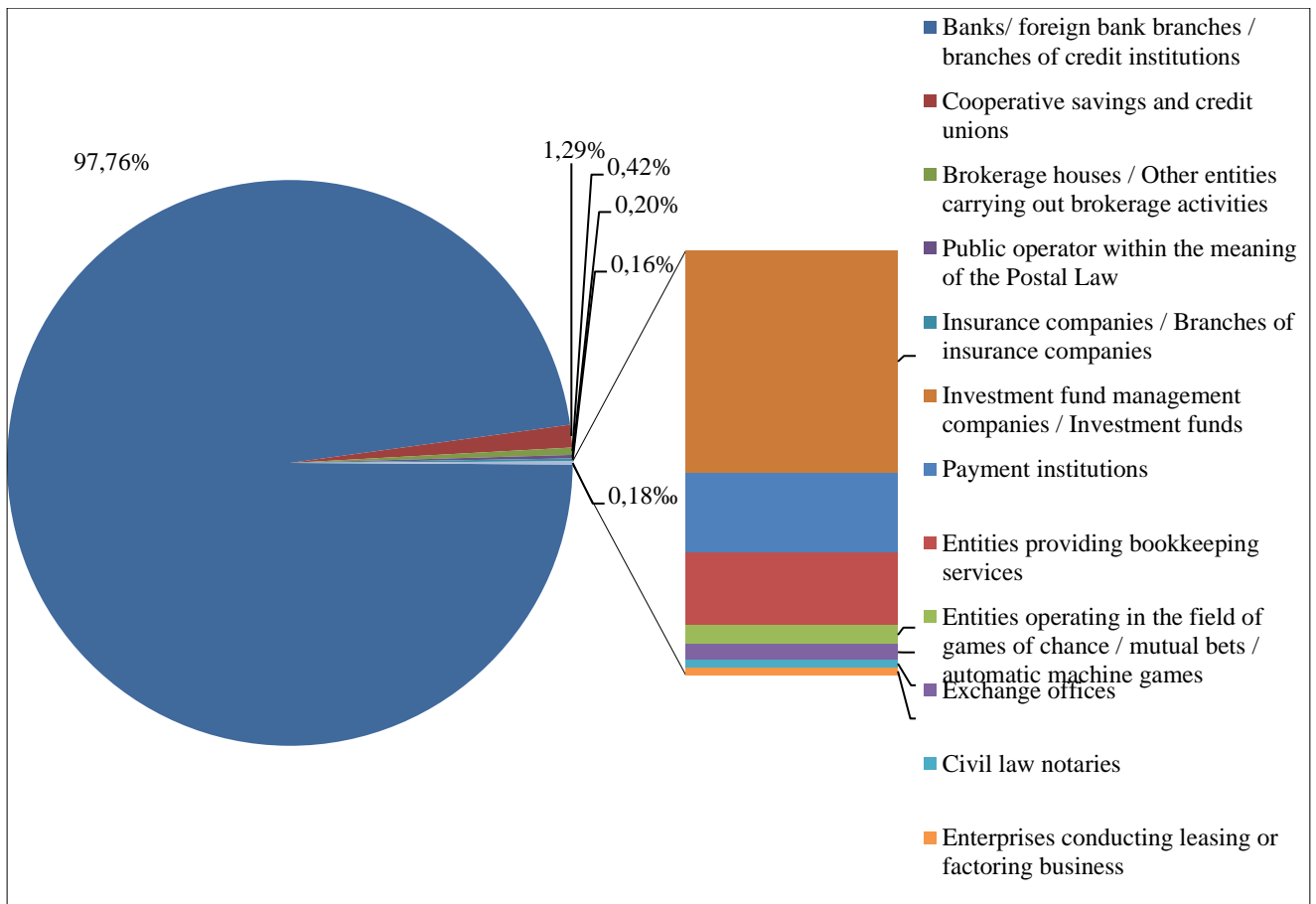
In 2017, information of the latter type, i.e. completion/change of the information submitted formerly as information concerning transactions above threshold – constituted 36.6% of the total number of submitted STRs. This percentage is significantly lower compared to 42.7% recorded in 2015 and significantly higher compared to 29.4% recorded in 2016. Considerable

volatility can be observed in the case of the second type of transactions and the absolute number of STRs submitted (in 2015, the total of 70,345 of STRs were recorded, including 42.7% representing information concerning the amendments/changes in information on transactions above threshold submitted earlier; in 2016 - respectively, 36,782 STRs, including 29.4% of information representing the aforementioned type). It seems that the volatility is triggered by various factors, including still incomplete adjustment of the obligated institutions to the GIFI explanations contained in the communication on the rules of reporting "suspicious transactions" of 27 January 2015 (published on the website of the Ministry of Finance under the GIFI tab).¹ The analysis of information sent since 2015 indicates that there are still problems with the explicit interpretation of the statutory obligations associated with the principles of reporting information concerning single transactions where the circumstances show a potential link with money laundering or terrorist financing.

The distribution of the number of the STRs received in 2017 by the GIFI, depending on the type of obligated institutions is shown in Chart no. 3.

Chart no. 3 – Sources of the STRs in 2017

¹ According thereto: "In the case when the obligated institution finds a transaction previously registered as a transaction above threshold, i.e. one referred to in Article 8(1) of the Act, meets the criteria specified in Article 8(3) of the Act, the institution should change the transaction card by entering the proper suspicious transaction code in field 08 - "Kpdjrz" and explaining the suspicious circumstances in field 45, "Comments", and subsequently transmit the information concerning the adjustment of the transaction to the GIFI". Whereby, as explained in an additional communication, such a change is not an adjustment of an error made by the obligated institution, but a change of information concerning the transaction in the register which results from the execution of the obligation to analyse transactions as referred to in Article 8a(1) of the Act performed with due diligence by the obligated institution. The information on this type of change should be sent to the GIFI immediately.



2.2. INFORMATION ON TRANSACTIONS ABOVE THE THRESHOLD

In 2017, the GIFI received information on almost 34.6 million transactions under the procedure provided in Article 11 of the *Act*, in conjunction with Article 8(1) of the *Act*, i.e. on transactions above threshold, with the value exceeding EUR 15,000 (EUR 1,000 in the case of certain types of obligated institutions). The information is collected in the IT system of the GIFI and processed in the Financial Information Department of the Ministry of Finance, both for the purposes of analytical proceedings conducted by the GIFI and the analyses carried out as a result of the execution of requests submitted by authorised bodies. The amount of information on such transactions submitted annually to the GIFI remains at a similar level.

Chart no. 4 – Amount of information on transactions above the threshold received by the GIFI

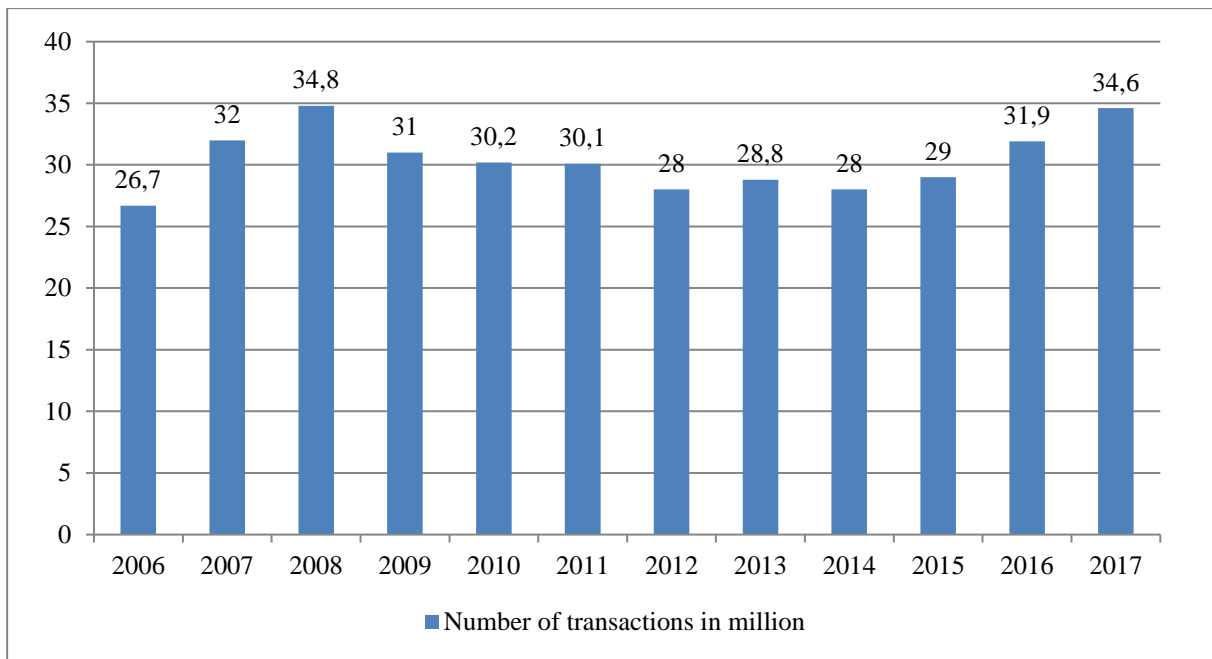
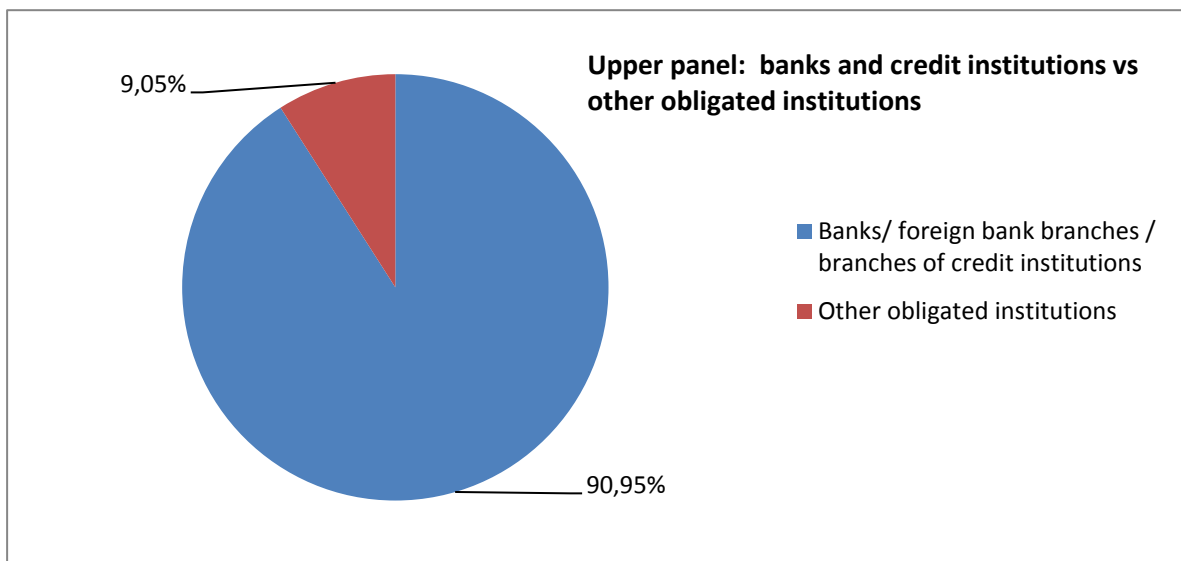
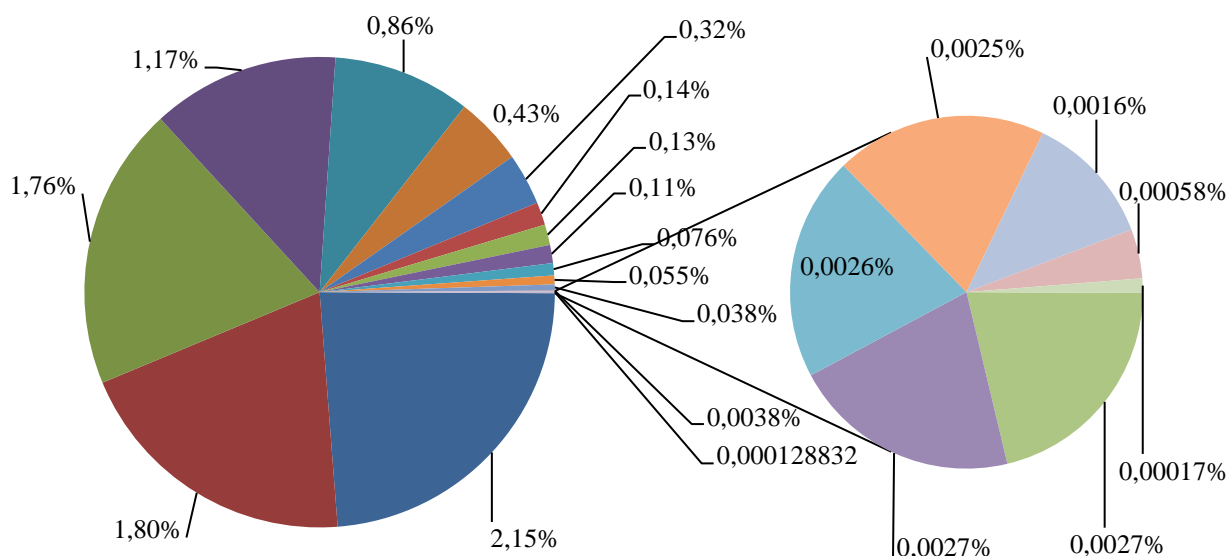


Chart no. 5 – Sources of transactions above the threshold in 2017



Lower panel: other obligated institutions



- Enterprises conducting leasing or factoring business
- Civil law notaries
- Exchange offices
- Brokerage houses / Other entities carrying out brokerage activities
- Investment fund management companies / Investment funds
- Central Securities Depository of Poland
- Public operator within the meaning of the Postal Law
- Payment institutions
- Entities operating in the field of games of chance / mutual bets / automatic machine games
- Insurance companies / Branches of insurance companies
- Cooperative savings and credit unions
- Other financial institutions with registered office in the Republic of Poland
- Entrepreneurs operating in the field of trade in metals or precious and semi-precious stones
- Foundations
- Entities providing bookkeeping services
- Branches of financial institutions without registered office in the Republic of Poland
- Other entrepreneurs receiving payments in cash >= 15 000 EUR
- Entrepreneurs conducting commission sale
- Commodity brokerage houses
- Auction houses
- Entrepreneurs conducting activity in the scope of loans against collateral

The obligated institutions provide aggregated data on the aforementioned transactions in form of files within 14 days following the lapse of each calendar month in which they were registered.

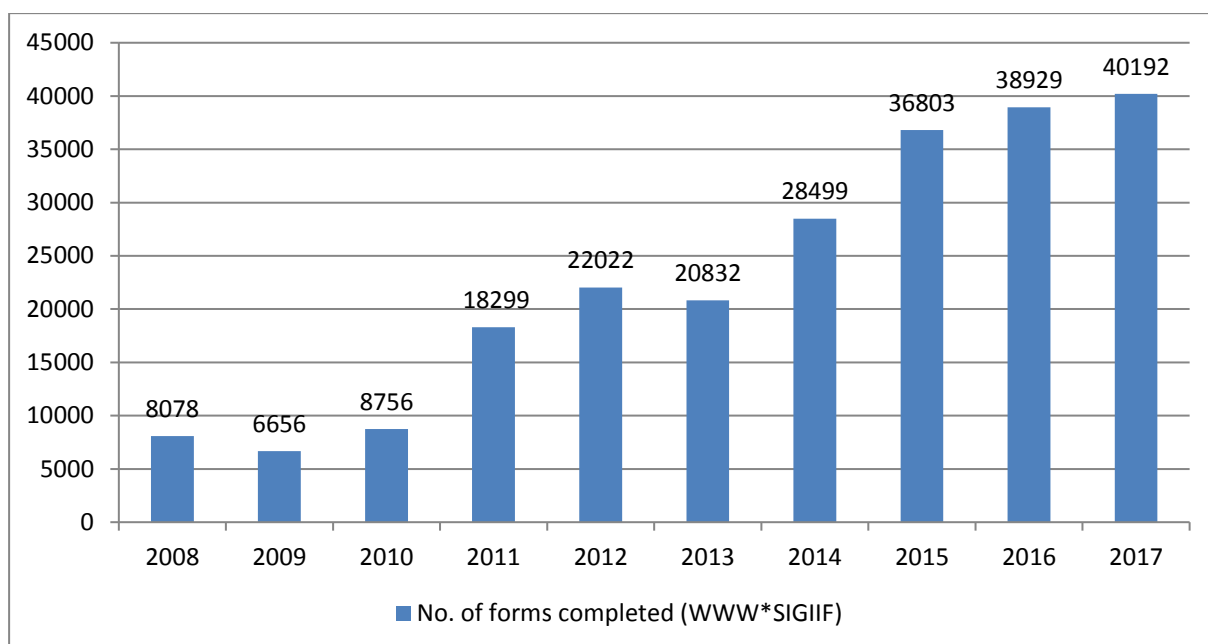
In 2017, the GIFI IT system accepted 121 thousand data files related to the aforementioned transactions. In accordance with the applicable rules, data files are transferred using one of the three electronic channels:

- a secure website of the GIFI (in 2017, the GIFI received almost 92.8% of all files this way),
- secure e-mail (in 2017, the GIFI received more than 7.2% of all files this way); or
- CD/floppy disk (in 2017, the GIFI received only 0.04‰ of all files this way).

In the case of providing information concerning transactions via the secure website, it is possible to send it using a file including information on multiple transactions generated in a correct format from the system of the obligated institution (this solution is applied mainly by large institutions, which provide monthly information on many transactions; in 2017, 59.5% of all files was submitted this way), or by completing a form containing the electronic version of the transaction card directly on the website (this solution is used mainly by smaller institutions, which provide monthly information on few transactions; in 2017, 33.3% of all files was submitted this way).

Each year shows a higher amount of information concerning transactions registered by completing the electronic form of the transaction card directly on the website: starting from the leap in 2011 when 18.3 thousand transactions were provided that way (where in the years 2008-2010 the number ranged between 6.7 thousand and 8.7 thousand transactions annually). In 2012 and 2013 the number of transactions reported this way increased to more than 20 thousand, in 2014 the figure reached 28.5 thousand, in 2015 36.8 thousand transactions and, in 2016 – 38.9 thousand and in 2017 - 40.2 thousand.

Chart no. 6 - Transactions registered by completing the electronic form of the transaction card directly on SIGIIF WWW.



At the same time, until last year, a systematic decline continued which referred to the amount of information concerning transactions provided in the form of hard copies of transaction cards in (5.5 thousand in 2008, 3.6 thousand in 2009, 3.2 thousand in 2010, 2.5 thousand in 2011, 1.5 thousand in 2012, 1.2 thousand in 2013, 1.2 thousand in 2014, 1.3 thousand in 2015 and 1.0 thousand in 2016). In 2017, a growth in the quantity of information on transactions submitted in the form of hard copies of transaction cards was recorded – up to 1.3 thousand. It is compliant with the growth in the quantity of reported information on transactions observed also in the electronic channel. It should be noted that even such an insignificant amount of information transferred by the obligated institutions to the GIFI in the form of hard copies of transaction cards requires proportionately much more time while collecting and entering to the databases than information on transactions submitted electronically.

Among the aforementioned 34.6 million transactions, submitted to the GIFI databases in 2017, 6.72% referred to transactions classified by the obligated institutions as cash payments or withdrawals (it means a minor decline in relation to 2016 when transactions of this type made 7.55%). At the same time, 13.12% were the transactions involving entities for which the obligated institution indicated the domicile outside the territory of Poland or the nationality other than Polish (3.40% of transactions were classified by the obligated institutions as incoming money transfers from abroad). For this type of transactions, a growth occurred in relation to 2016 when 11.46% of such transactions were recorded.

The information on transactions received was made available in the IT system of the GIFI as input data used in further analyses. In particular, this information was subject to automatic analytical processes. For example, all the information on transactions was verified in terms of potential links with the entities suspected of financing terrorism or entities originating from countries of high risk/subject to sanctions. The links of information on transactions with other types of information available in the system are searched for automatically (for example with the queries of external entities: prosecutor's offices, foreign financial intelligence units, etc.), which are subsequently used in the analytical proceedings, or transferred to external entities requesting the GIFI to provide financial information. The above-mentioned links were looked for with the use of analytical models functioning in the IT system of the GIFI, which were

used both in the processes of automatic report generation and in ad hoc analyses for the purposes of a particular problem.

The information on transactions above threshold is used both for the extraction of data on accounts of suspected entities, and information on the transactions themselves, constituting a helpful source of data in the analytical proceedings conducted. The information on transactions is available for analysis both in simple form, whereby asking about a particular entity or account provides the access to the data collected, as well as a source for the link analysis, by using the possibility of looking for linked objects (accounts, entities) in the database, i.e. such that are in a relationship of a defined type towards each other (e.g. entities related through a common occurrence in the chain of transactions, or accounts related through transactions made within them by the same entity). This type of analysis of links within the accounts refers only to those accounts which were stated in the information on transactions above threshold and the STRs. No other database of accounts is currently available to the GIFI which would allow this kind of analyses.

2.3. INFORMATION ARISING FROM CROSS-BORDER CASH DECLARATIONS

In accordance with Article 15a(5) of the *Act*, the Border Guard authorities and customs authorities of the NRA (formerly, customs authorities) shall provide the GIFI with information arising from declarations of cross-border cash transportation across the EU border. In 2017 (as in the period of 2011-2016) the said information was provided using the electronic communication channel - directly to the IT system of the GIFI. The GIFI received information on 11.8 thousand cash transportation declarations (in 2016 – 8.7 thousand), contained in 7.1 thousand of cash declaration forms (in 2016 – 6 thousand cash declaration forms).²

Within the data submitted in 2017 - 10,221 (in 2016 - 7,572) notifications referred to cash import declarations to the territory of the EU and 801 (in 2016 - 698) notifications were related to cash export declarations from the territory of the EU. The GIFI also received information concerning 476 (in 2016 - 414) notifications arising from declarations of cash transfer between the EU Member States and 281 (in 2016 - 65) declarations of cash transfer between non-EU countries. The number of notifications arising from declarations submitted by the Border Guard bodies and NRA bodies (former customs authorities) in 2017 increased by over one-third in relation to 2016. This is reflected in the total value of amounts declared:

- 1) The total amount in PLN calculated based on the annual average exchange rate of a given currency for the funds declared as entering the EU:
 - PLN 830.9 million in 2016,
 - PLN 1,154 million in 2017,

² In accordance with the *Regulation of the Minister of Finance of 17 November 2010 concerning the form and procedure of providing information to the General Inspector of Financial Information by the Border Guard and customs authorities* (Journal of Laws of 233 no. 233, item 1526), the GIFI receives cash import/export notifications separately for each type of funds declared in a single transfer declaration. A part of 7.1 thousand transfer declarations contains more than one notification of a given type of funds.

2) The total amount in PLN calculated based on the annual average exchange rate of a given currency for the funds declared as leaving the EU:

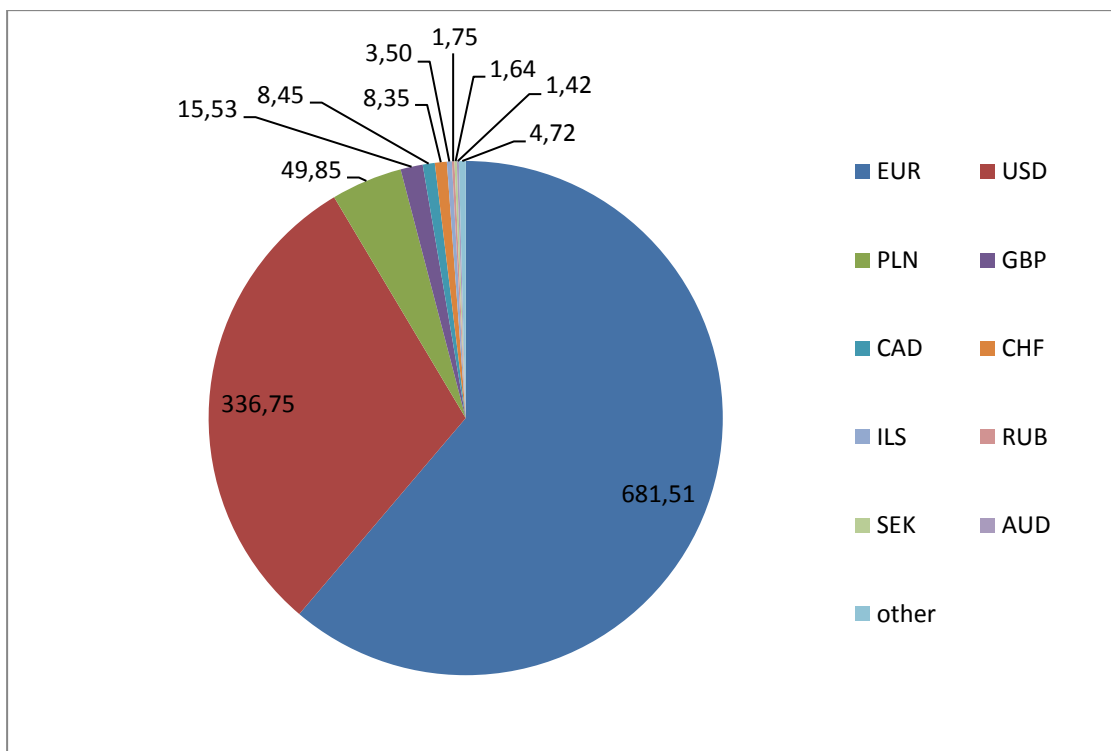
- PLN 120.2 million in 2016,
- PLN 155.3 million in 2017.

The value of the cash declared for import to the EU amounted to (the data ranked by the value in PLN calculated for the annual average value of a given currency in 2017):

- EUR 157.0 million,
- USD 82.5 million,
- PLN 49.8 million,
- GBP 3.07 million,
- CAD 2.72 million,
- CHF 2.01 million,
- ILS 3.24 million,
- RUB 25.4 million,
- SEK 3.59 million,
- AUD 0.46 million.

The total amounts declared in the above-mentioned currencies each time exceed the amount of 1.0 million zloty following the conversion according to the annual average exchange rate of a given currency in 2017. Furthermore, the information concerning declarations submitted to the GIFI was additionally related to the transfer of cash with lower amount values in 37 other currencies (in 2015 - 12 other currencies, in 2016 r. – 35). The share of individual currencies in funds declares as imported to the EU is illustrated in Chart 7 (amounts in PLN million).

Chart no. 7 - Share of currencies in funds declared as imported to the EU in 2017 (in PLN million)



The information on cash entering the territory of the EU included also declarations concerning gold ounces (XAU). A closer analysis of information derived from the said declarations shows, however, that most of them include incorrect or inaccurate data, e.g. multiple additional descriptions indicate that the figures in the declaration form refer to grams of gold, whereas the XAU symbol represents gold ounces (which definitely changes the value of the funds declared). The phenomenon described above indicates the necessity to strengthen the control over the quality of data concerning import of funds declared at the borders.

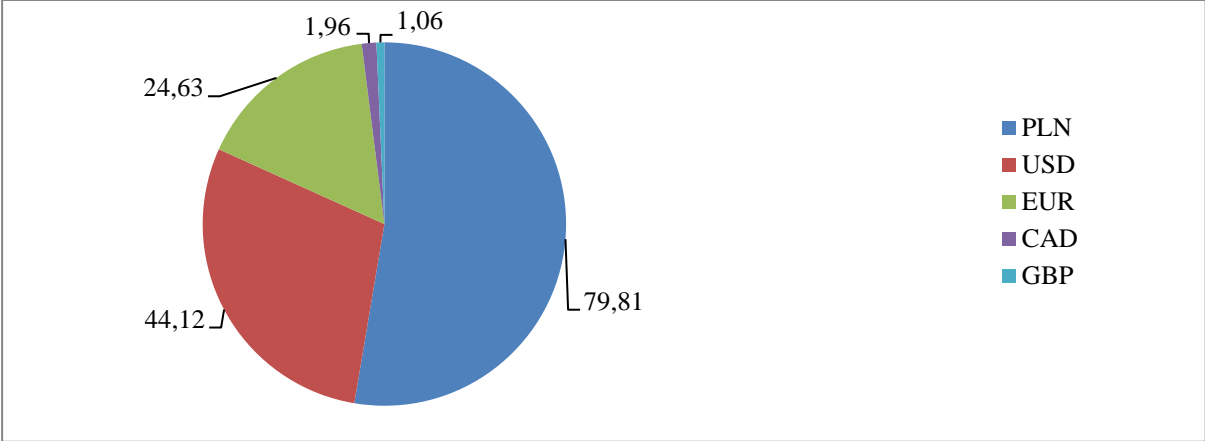
On the other hand, for export of funds from the EU, the declared value amounted to (the data ranked by the value in PLN calculated for the annual average value of a given currency in 2017):

- PLN 79.8 million,
- USA 10.8 million,
- EUR 5.7 million,
- CAD 0.63 million,
- GBP 0.21 million.

The total amounts declared in the above-mentioned currencies each time exceed the amount of 1.0 million in zloty following the conversion according to the annual average exchange rate of a given currency in 2017. Double amount declared as PLN exported outside the EU is noticeable (from PLN 37.6 million in 2016 to PLN 79.8 million in 2017). As a consequence, in the above ranking, declarations in PLN occupied the first position (with the simultaneous

decline of USD from USD 13.6 million to USD 10.8 million in 2017). Furthermore, the information on declarations submitted to the GIFI was also related to the transfer of cash with lower amounts of values in 16 other currencies. The share of individual currencies in funds declares as exported outside the EU is illustrated in Chart 8 (amounts in PLN million).

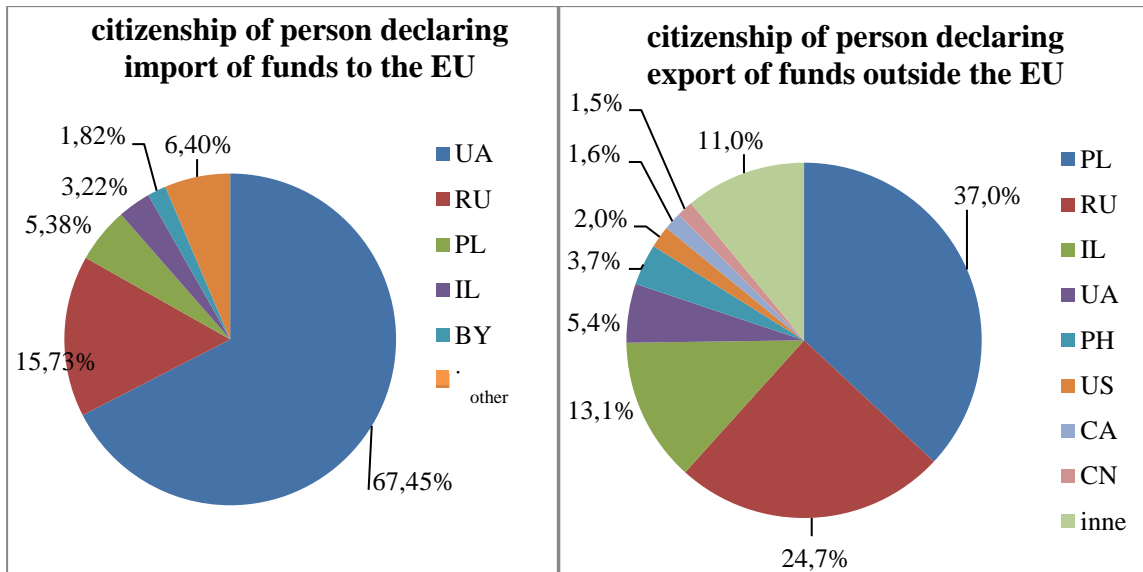
Chart no. 8 - Share of currencies in funds declared as exported to the EU in 2017 (in PLN million)



Import was most frequently declared by citizens of Ukraine (in 67.45% of cases), followed by citizens of Russia (in 15.73% of cases), Poland (in 5.38% of cases), Israel (in 3.22% of cases) and Belarus (in 1.82% of cases), and in addition, by citizens of 53 other countries.

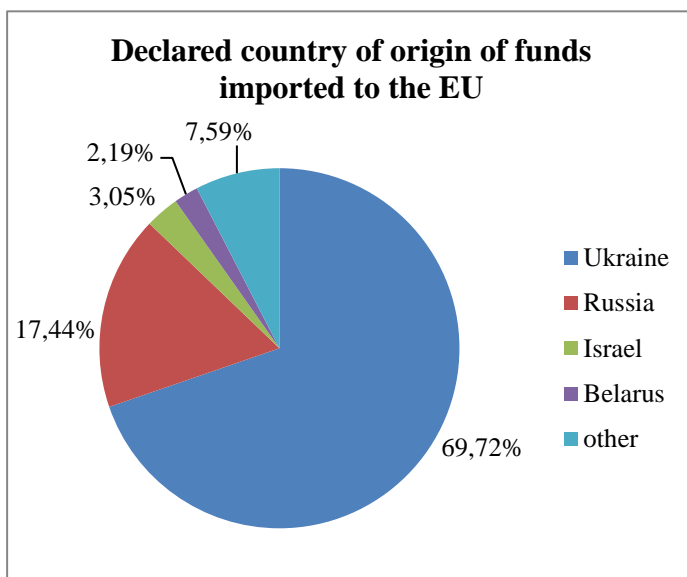
Export was most frequently declared by citizens of Poland (in 36.95% of cases), Russia (in 24.72% of cases), Israel (in 13.11% of cases), Ukraine (in 5.37% of cases), Philippines (3.75% of cases), the United States (2.00% of cases), Canada (1.62% of cases) and China (1.50% of cases) and, moreover by citizens of 33 other countries. Chart no. 9 shows the percentage share of funds import/export declarations according to the citizenship of declaring persons.

Chart no. 9 – Import/export of funds according to the citizenship of declaring persons in 2017

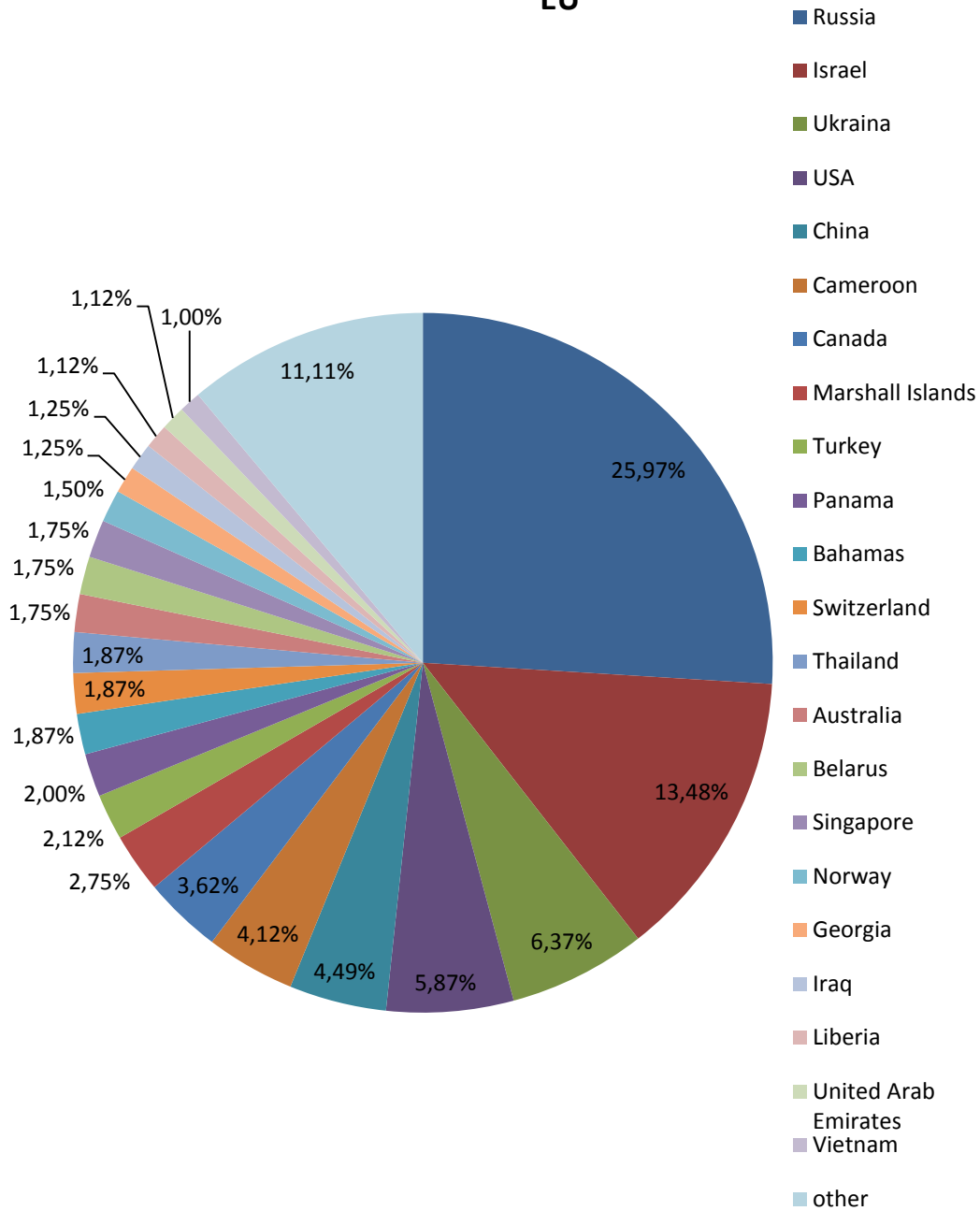


The analysis of directions from which import of funds to the EU territory originated indicates that 69.72% of declarations were related to the import of cash from Ukraine, 17.44% – from Russia, 3.05% – from Israel, 2.19% - from Belarus (other declarations referred to import from 54 other jurisdictions). In the case of export of funds from the EU the most frequently declared destinations included Russia (25.97% of cases), Israel (13.48%), Ukraine (6.37%), USA (5.87%), China (4.49%), Cameroon (4.12%), Canada (3.62%), Marshall Islands (2.75%), Turkey (2.12%), Panama (2.00%), the Bahamas (1.87%), Switzerland (1.87%), Thailand (2.0%), Australia (1.75%), Belarus (1.75%), Singapore (1.75%), Norway (1.50%), Georgia (1.25%), Iraq (1.25%), Liberia (1.12%), United Arab Emirates (1.12%), Vietnam (1.00%). Other declarations referred to import from 37 other jurisdictions. Chart no. 10 shows the percentage share of funds import/export declarations according to declared import/export destinations.

Chart no. 10 – Import/export of funds according to the destinations declared in 2017



Declared destination country for funds exported outside the EU



3. ANALYSES



3.1. COUNTERACTING MONEY LAUNDERING

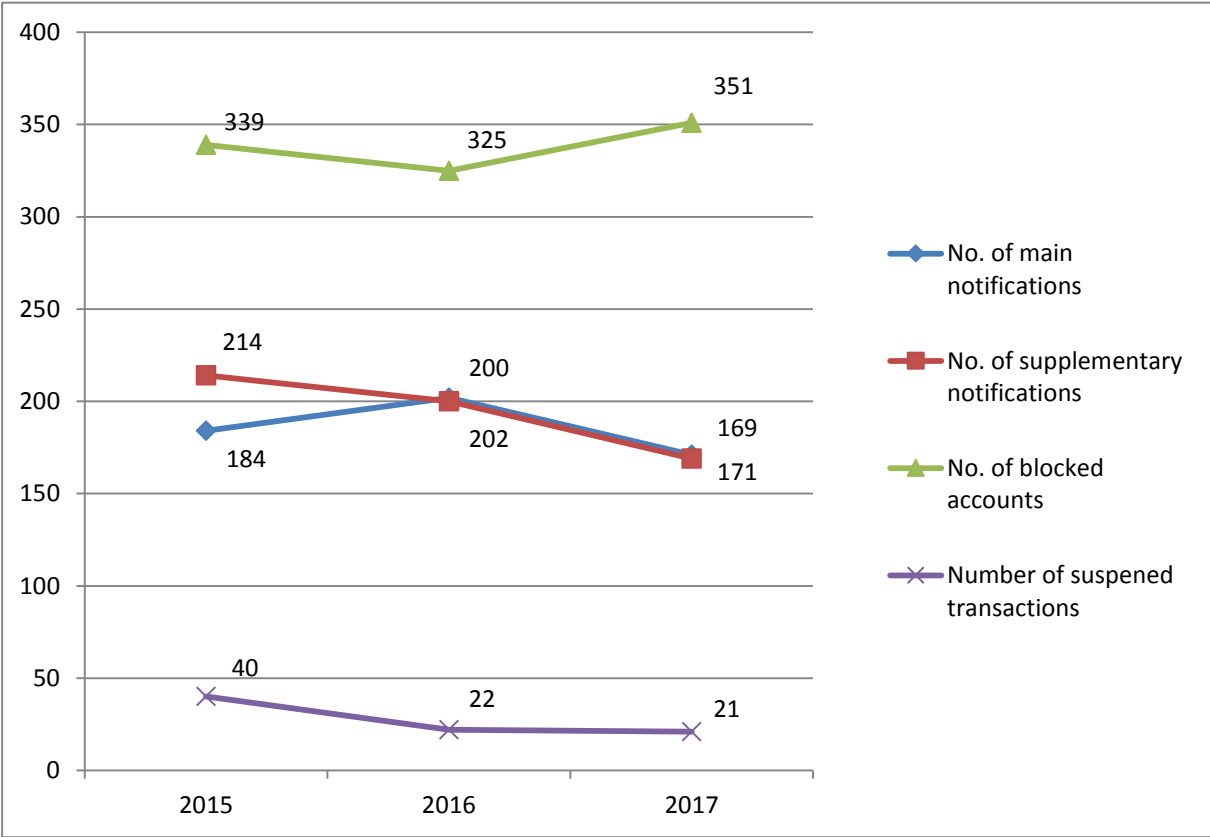
3.1.1. ANALYTICAL PROCEEDINGS AND THEIR EFFECTS

While performing its statutory tasks, in 2017 the GIFI instituted 2567 instances of analytical proceedings based on the information acquired. This number includes proceedings with regard to the suspicion of money laundering, proceedings with regard to the counteracting of terrorist financing, and proceedings instituted based on the information submitted by the obligated institutions which could not perform the obligations concerning customer due diligence and which did not conduct a transaction, did not sign a contract with a client, or which terminated the contracts already concluded. The number of proceedings pending remained at the same level as in the previous year. Results of the analytical proceedings conducted included:

- 1) **Submission of 171 notifications on suspicion of committing the offence of money laundering to territorially competent prosecutor's offices. The total amount of asset values subject to the offence suspicion was over PLN 6.1 billion.** The notifications were submitted to prosecutor's offices pursuant to Article 31(1) or Article 18, or Article 18a of the *Act*, i.e. they were prepared on the basis of information held, its processing or analysis, while simultaneously, the GIFI provided the prosecutor's offices with the possessed materials substantiating the suspected money laundering. Besides the aforementioned main notifications, the GIFI also provided the prosecutor's offices with 169 notifications, which contained materials connected in objective or subjective terms with the proceedings conducted by the prosecutor's offices in cases of money laundering, and from which a reasonable suspicion of committing the said offence resulted. These materials were obtained during follow-up analytical proceedings conducted by the GIFI. The total amount of asset values constituting the object of the offence suspicion in those materials was approx. PLN 0.1 billion.

In the aforementioned notifications (both main and supplementary) premises were contained justifying the institution of criminal proceedings against 2,533 entities.
- 2) **Blocking of 351 accounts on which funds of the total value of over PLN 140.6 million were collected and suspension of 21 transactions amounting to approx. PLN 3.0 million (pursuant to Article 18 and 18a of the *Act*).** At the same time, 310 accounts were blocked under Article 18a of the *Act*, i.e. on the own initiative of the GIFI, on which funds of the total value of approx. PLN 107.1 million were collected and two transactions amounting to over PLN 1.6 million were suspended. The above-mentioned amounts of funds blocked on the accounts are only estimations, and the actual amounts may be higher due to the nature of the blockade of accounts: during the blockade imposed by the GIFI the funds may be still injected into the accounts, but they may not be withdrawn or transferred to other accounts.
- 3) **Submission of 1,528 pieces of information to authorised bodies and units pursuant to Article 33(3) of the *Act* (i.e. on the own initiative the GIFI).**

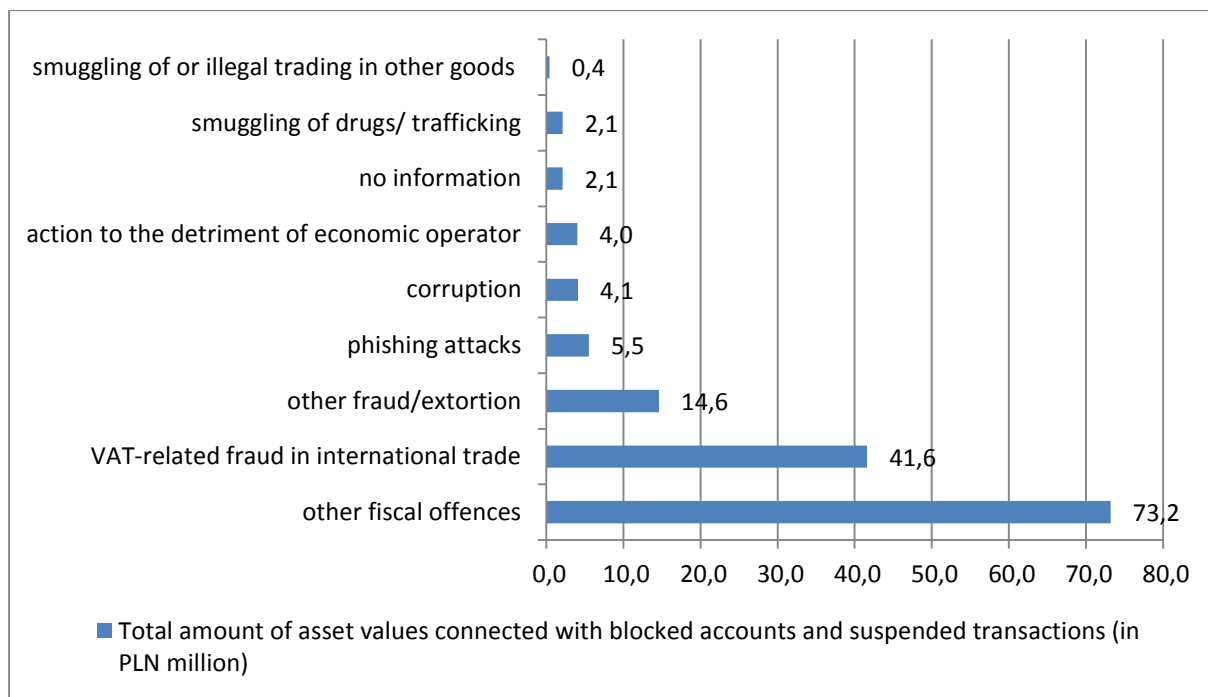
Chart no. 11 – Specification concerning the number of notifications submitted to prosecutor’s offices, account blockades and suspended transactions in 2015-2017



In 2017, the number of blocked accounts was almost 8% higher than in the previous year.

The chart below presents the distribution of the amount of asset values deposited on accounts blocked by the GIFİ or associated with transactions suspended by the GIFİ in 2017, by the typology for possible predicate offences underlying money laundering.

Chart no. 12 – Classification of asset values deposited on blocked accounts or being subject to suspended transactions by types of suspected predicate offences



During the reporting period under discussion, the GIFI sent the following number of notifications to the competent authorities and units:

- 988 to the National Revenue Administration units,
- 256 to the Police (including the Central Bureau of Investigation of the Police - CBŚP),
- 152 to the Internal Security Agency (including the Counterterrorism Centre),
- 85 to the Central Anti-Corruption Bureau,
- 26 to the Border Guard,
- 20 to the Financial Supervision Authority,
- 1 to the Intelligence Agency.

In 2017, the GIFI submitted the largest number of notifications pursuant to Article 33(3) of the *Act* to the National Revenue Administration units. As in the previous years, the vast majority of the notifications indicated the suspicion of tax fraud related to the value added tax. These notifications comprised issues concerning understatement or non-disclosure of turnover due to forging or hiding invoices; claiming input VAT by deception; the “missing trader” fraud; the carousel fraud; intra-Community transactions and related purchases for so-called stocks in order to underestimate the output tax. A part of the notifications contained information regarding the suspicion of concealing the object of taxation, understatement of revenue, undisclosed income, or fraud in the import of goods. Furthermore, in 2017 the GIFI submitted two requests to National Revenue Administration bodies to investigate whether the origin of certain asset values is legitimate, in order to explain their sources.

In many cases, the notifications submitted by the GIFI to the NRA bodies pursuant to Article 33(3) of the *Act*, provided basis for these authorities to initiate the control proceedings thereby as regards the correctness of calculating and paying taxes accounting for the income of the State budget due to the personal income tax, the corporate income tax, and the value added tax. On multiple occasions the control proceedings demonstrated that the entities subject to

control had not conducted the actual declared business activity. On the other hand, they had been issuing “empty” VAT invoices which were then used by the purchasers to diminish unduly the output tax, which consequently resulted in the decrease in the amounts due to the State Treasury. Furthermore, the said control proceedings indicated that the entities subject to control had not made payments to the competent tax office of the VAT amounts demonstrated in the sales invoices issued. The findings of the control proceedings and the collected evidence constituted the basis to initiate inquiries on fiscal offences, which were then transformed into investigations conducted under the supervision of prosecutor’s offices. As a result of the coordination of actions, the GIFI participated in such prosecution investigations, providing evidence consisting of the analyses of financial flows, and blocked the accounts if it was reasonably suspected that these asset values originate from the proceeds of a prohibited act.

Moreover, the GIFI submitted a significant number of notifications to the Police, including the CBŚP. The information contained in the aforementioned notifications was used by the Police to undertake statutory procedures resulting among others in instigation of preparatory proceedings. The information submitted by the GIFI was also used in the pending proceedings.

The information provided to Internal Security Agency represented the next large group of notifications. The notifications contained data on transactions which might have been linked to the suspicion of a prohibited act the investigation of which lies within the competence of the Agency, including among others: reconnaissance, prevention, and detection of offences against the economic interest of the State and its security as well as offences regarding the production and trading in items and technologies of strategic importance for the State security, the illegal manufacture of, possession of, and trading in weapons, ammunition and explosives, weapons of mass destruction and abusive and psychoactive substances in international markets.

The notifications submitted by the GIFI under Article 33(3) of the *Act*, including comprehensive analysis of suspected and unsubstantiated financial flows, following the verification and performance of the statutory actions by the law enforcement authorities, constituted comprehensive evidence providing the basis for the instigation of investigation, or were added to the criminal proceedings already instituted. As in the previous year, the information on transactions provided by the GIFI was used in particular in investigations concerning the activity of organised criminal groups involved in illegal trading in diesel oil, electronic devices, or investigations concerning wholesale trade linked with Wólka Kosowska (including a commercial counterfeiting activity) as well as fraud related to financial pyramid schemes and transactions linked with crypto-currency trade. The information provided by the GIFI was frequently the basis for prosecutors for drafting written requests to the GIFI for disclosure of information gathered in the manner and within the scope provided in the *Act* for the purpose of the pending criminal proceedings. The preparatory proceedings conducted due to the notifications of the GIFI allowed for charging many persons with the commitment of an offence, and the recovery of assets of multimillion value. In multiple cases the coordination of actions by the GIFI and the competent law enforcement authorities led to the arrest of the members of criminal groups, and to the blockade of bank accounts with asset values originating from the proceeds associated with committing a prohibited act.

According to Article 4a item 3 of the *Act*, the Minister of Justice shall provide the GIFI with the aggregated data “on the number of criminal prosecutions, the number of persons in respect to the proceedings instituted and convicted of crimes, with and without legal validity, referred to in Article 165a and Article 299 of the *Penal Code*, and on asset values in respect to which freezing, blocking, and suspension of a transaction has been performed, or property securing, seizure, or forfeiture has been adjudicated – within 2 months after the end of the year in question and subject to the report.”

According to data provided by the Ministry of Justice in the letter of 28 February 2018, in 2017, courts instituted 155 criminal proceedings instances regarding the offence under Article 299 of the *Penal Code* against 414 persons. At the same time, in the previous year 415 persons were convicted of committing the aforementioned offences in the first instance and 232 persons were convicted of offences with legal validity. Under the said proceedings:

- the seizure of asset values for the amount of PLN 184,809 was performed,
- the blocking and suspension of transactions for the amount of PLN 304,740 was performed,
- the property securing for the amount of PLN 250,000 was adjudicated,
- the forfeiture of asset values in the amount of PLN 165,700,084 was adjudicated.

At the same time, the Ministry of Justice informed that courts were conducting 8 criminal proceedings in connection with offence under Article 165a of the *Penal Code* against 16 persons. One person was convicted in the first instance whereas 9 persons were convicted of offences with legal validity. In the aforementioned proceedings, the forfeiture of property for the amount of PLN 35,359,498 was adjudicated.

3.1.2. SAMPLE DIRECTIONS OF ANALYSES

Laundering of money originating from fiscal offences

In 2017, the GIFI analyses continued to focus mostly on the identification of money laundering originating from fiscal offences, related mainly to extortion of undue tax refund or failure to pay the VAT due. Cases in this scope are treated as a priority due to the adverse impact of such offence on the revenue of the State budget as well as on the interest of the economic circulation participants through disturbing fair competition. In 2017, the GIFI continued its active participation in the so-called “tightening of the VAT system”, collaborating intensively with obligated institutions and cooperating units as well as with foreign financial intelligence units.

The notifications from the obligated institutions and cooperating units referred mainly to trading in fuel, electronic devices, food products and textiles. The transactions described in those notifications are carried out by the affiliated and cooperating entities. The organisers of that criminal practice transfer funds through the accounts of those entities to fake legal transactions. The transfers of funds through a number of accounts are usually carried out with the use of immediate electronic money transfers. Such transfers are not associated with the real sale of goods whereas very often, companies and firms involved in this practice, operate for a short period of time, being from time to time replaced by successive entities, fulfilling the role of “missing taxpayers”. In the case of intra-Community transactions, such companies

usually transfer the funds to the accounts of foreign customers. They are, on the other hand, supplied by entities playing the role of the so-called “buffer” whose purpose is to conceal the virtual nature of the commercial trade in domestic transactions. The analyses show that the same money is often in circulation between the entities.

Example no. 1.

In 2017, the GIFI together with the cooperating units finalised the analytical proceedings instituted in 2015, related to so-called fuel mafia through blocking many accounts of companies and persons participating in the practice. The action was a consequence of the GIFI notification of November 2015 initiating the investigation.

With the participation of the GIFI, the organised criminal group was identified, introducing fuel to the territory of the Republic of Poland, later resold to subsequent entities on the territory of Poland, without confirming transactions by adequate sales documents in the form of VAT invoices, or potentially such invoices were issued, however, entities participating in the practice did not recognise sales in tax declarations, consequently failing to pay the VAT due, leading to the decrease in the amounts due to the State Treasury. For this purpose, commercial law companies were registered or purchased, with substituting persons appointed to the management bodies, mostly of Ukrainian origin which, instructed by organisers of the practice, issued invoices and ordered conducting of financial transactions. Entities cooperating with such companies, actually acting as so-called buffers whose activity consisted in generating VAT deductible by beneficiaries of the practice, issued fictitious VAT invoices in order to legalise the funds acquired. The analysis of cash flows showed that funds collected under the practice were transferred through bank accounts of many companies (Polish and foreign) and subsequently converted into another currency and disbursed in in cash or transferred abroad, including tax havens, from which some part of funds was transferred back to the account operated by the Polish bank to the benefit of one of foreign companies.

It total, 7 main notifications and 12 supplementary notifications were submitted to prosecutor's offices and 46 bank accounts were blocked.

For the purpose of money laundering, including funds originating from fiscal offence, virtual currencies were also used, in which funds originating from typical VAT fraud or potentially from the failure to pay this tax to the State Treasury were invested.

Example no. 2.

One of the analytical proceedings instituted in 2017 was related to the attempted execution of transfers ordered by a Polish company in favour of a foreign company for the total amount of approx. EUR 3 million. The funds originated from the account of one of the virtual currency exchanges. The information acquired implied that a representative of the aforementioned Polish company could have been associated with the activity of a criminal group dealing with VAT fraud.

The sole phase of depositing funds originating from crime took several years and it was quite limited, without raising major suspicions of the obligated institutions. In this phase, natural persons were used as well as limited liability companies belonging to those persons, through the accounts of which Bitcoins were purchased via intermediation of recognised virtual currency exchanges.

In mid-2017, the perpetrators decided to realise profits gained due to a significant increase of the Bitcoin exchange rate, establishing a new limited liability company using a substitute person and trying to transfer funds received by this economic operator abroad, to one of tax havens.

In total, the GIFI blocked 5 bank accounts where funds with the total value of approx. PLN 30.7 million were collected. It sent two main notifications and two supplementary notifications to the prosecutor's office in the above mentioned case.

Laundering of money derived from extortion of real estate restitution.

In 2017, the GIFI in agreement with the prosecutor's office analysed financial flows related to laundering of money originating from extortion of real estate restitution. Persons associated with each other participated in the practice consisting in extortion of high-value real estate restitution through misleading former owners and successors in terms of real value of the real estate and soliciting them to sell claims at amounts below its value.

The analysis covered transactions performed within one year. The findings reached by the GIFI demonstrated that many transactions had been carried out between accounts of persons involved in this practice. Cash payments were made to the accounts under analysis, the accounts were credited with funds associated with the purchase of real estate from third parties, moreover, some part of funds originated from the town hall and the bailiff.

Funds crediting accounts of persons involved were disbursed in cash, invested in securities, allocated for real estate purchase or transferred abroad. Moreover, mutual donations had been performed, which were later cancelled and funds were returned.

Such transactions were aimed at hindering detection in connection with the criminal activity and jeopardising asserting claims for reimbursement of funds or restitution of real estate by potential victims. Furthermore, a likely goal of a large number of cash transactions and transferring funds abroad was the intention of hiding the funds and blurring their source of origin from trading in extorted real estate.

The GIFI blocked accounts held by persons participating in this practice and submitted a notification to the prosecutor's office concerning the suspected committing of the crime referred to in Article 299 of the *Penal Code*.

Laundering of money originating from so-called "reversed drug distribution chain".

The analysis of certain notifications submitted to the GIFI in 2017 revealed the participation of entities described therein in transactions potentially associated with laundering of money originating from the illegal practice used by economic operators for the purpose of illegal acquisition of medicinal products for export purposes of so-called "reversed drug distribution chain". Under this practice, the preparations acquired by pharmacies and wholesalers in the illegal distribution chain are sent to the chain exporting drugs abroad instead of delivering them to patients in Poland. In accordance with the Polish pharmaceutical law, pharmacies may sell medicinal products only to patients, whereas wholesales must not source their supplies from pharmacies. Such practices result in the shortage of medicine availability on the Polish market and pose a real threat for the life and health of Polish patients.

Example no. 3.

The analysis of one of the cases carried out by the GIFI has shown that funds were mainly transferred to foreign entities by several affiliated companies to be ultimately delivered to pharmacies and entities operating pharmacies. Thus, the situation is opposite to the desirable reality. The transfer of funds was performed with the use of the network of companies created for that purpose, so-called simulating undertakings. The aim was to hamper the detection of the link with criminal activity and to justify the legality of the funds held. The transactions

indicated the creation of an extensive chain for the flow of funds, however, with no real trading in goods, based on virtual trading only and movements of stocks between pharmacies owned by various companies.

In the case of suspected laundering of money originating from so-called “reversed drug distribution chain”, the GIFI submitted a notification to the prosecutor’s office concerning the suspected committing of the crime referred to in Article 299 of the Penal Code.

3.2. COUNTERACTING TERRORIST FINANCING

The primary aim of the GIFI in the area of counteracting terrorist financing is to cut terrorist organisations off from their funding sources. The statutory tasks of the GIFI involve acquiring, collecting, processing, and analysing information in the mode specified in the Act, and providing that information to the competent services. Due to the diversity of sources used to finance terrorism, the analysis is applied both to transactions reported to the GIFI as suspicious, and lawful transactions of entities executed in circumstances raising doubts due to terrorist financing. The information based on which analytical proceedings are instigated comes mainly from the banking sector, and – to a slightly lesser extent – from the so-called cooperating units.

In performing its statutory tasks related to counteracting terrorist financing in 2017, the GIFI initiated 37 analytical proceedings related to transactions which potentially could have been related to terrorist financing. The said proceedings were conducted based on the notifications from the obligated institutions, and cooperating units as well as information or applications received from foreign financial intelligence units (hereinafter referred to as FIU).

Cooperation with the obligated institutions

The proceedings instigated based on information from obligated institutions usually referred to transactions executed by natural persons coming from countries suspected of supporting terrorism, in the territory of which terrorist groups are active, and countries in the territory of which military actions are performed. In such cases, the GIFI examined flows on personal bank accounts and money transfers with the participation of such persons. In cooperation with the ABW Anti-Terrorist Centre (hereinafter referred to as CAT ABW), the GIFI analysed links with persons or entities from increased terrorist risk countries and identified links of such persons with terrorist organisations. In some cases, the verification of terrorist financing suspicions resulted in confirming them or detection of illegal commercial activity not associated with terrorist financing, or justifying conducting of certain transactions as legal financial activity carried out, e.g. due to family or business relations with entities established in high-risk countries.

Information on transactions of economic operators running business in the defence sector was represented another significant group of notifications. Among others, transactions with entities linked by equity with companies entered in the lists of entities subject to financial sanctions raised doubts. The GIFI cooperated in this scope with the competent authorities mainly in relation to verification of weapons sales transactions in international trade when transferring of weapons in favour of terrorist organisations or infringement of international obligations regarding the failure to make funds available to specific entities was suspected.

Moreover, the verification covered, in particular those transactions for which it was difficult to determine the economic substantiation and transactions of foundations associated with Muslim countries concerning which the GIFI received information that they may potentially finance terrorist organisations.

Cooperation with foreign financial intelligence units (FIUs)

Requests for information and spontaneous information associated with terrorist financing received from foreign FIUs, based on which analytical proceedings were instituted, referred mainly to natural persons suspected of links with so-called Islamic State. The information mostly originated from countries of Middle Asia and the European Union Member States, where a significant number of so-called foreign *terrorist fighters* (FTFs) returned. The GIFI usually received information concerning transactions of such persons with Polish residents which were verified or potentially expanded by additional information and subsequently submitted to CAT ABW.

Cooperation with CAT ABW

The GIFI received 9 requests for information on persons and entities suspected of terrorism financing from CAT ABW. The GIFI responded to all requests, submitting information received from obligated institutions to CAT ABW, pursuant to Article 8 of the *Act* and - in certain cases - additionally information received from foreign FIUs.

Suspected terrorism financing with the use of HAWALA type system

In terms of the scale of panics triggered and financial losses, terrorist undertakings belong to relatively inexpensive “investments”. For instance, costs of the series of coordinated attacks by supporters of so-called Islamic State in Paris in November 2015 are estimated at 1,000 – 10,000 dollars. Organisers of an attack simultaneously try to hide any traces confirming who financed a given event. To that end, terrorists often use the informal system of funds flow – *Hawala*, also known as *hundi* or *xawala*. It is not based on cash flows or IT network used for bank transfers, instead relying on the principle of set-off and trust in the network of financial intermediaries (so-called *hawaladars*), often operating under cover of other economic activity, e.g. a currency exchange operator, travel office. Although intermediaries are dispersed worldwide, the majority of them acts in the Middle East, in North Africa and the Indian subcontinent, totally independently or parallel to traditional banking and cash transfer systems. The most important characteristics of the *Hawala* type systems include the speed of flows performed, anonymity, informality of documents, possibility to transfer any high funds and remaining undetected by the official banking system.

In 2017, the GIFI conducted proceeding instituted on request of the Internal Security Agency. In response to the request, a series of financial information was collected and provided, regarding a group of relatives coming from Jordan. The characteristic features of their financial flows included numerous cash transactions, frequent transfers of funds between personal accounts and receiving many Western Union transfers from persons coming from Western European countries as well as North America and the Middle East. In addition, information on financial links of this group with a family known of their support of so-called Islamic State was received. One of members of this family was most probably killed while fighting in the ranks of so-called Islamic State in Syria. The materials collected enabled

detention and instigation of proceedings against the group of persons, regarding committing the suspected offence under Article 165a of the *Penal Code*, involving the collection and transfer of means of payment with the use of the *Hawala* system, with the intention of financing the crime of terrorist nature.

As a result of the conducted analyses associated with the aforementioned issues, the GIFI sent the total of 46 notifications pursuant to Article 33(3) of the *Act* (including cases initiated before 2017):

- 45 notifications to the ABW (including to the CAT),
- 1 notification to the AW.

The General Inspector is a member of the Interministerial Team for Terrorist Threats (ITTT), a subsidiary body of the Council of Ministers, which is to ensure the interoperability of the central administration in the scope of detecting, preventing and counteracting threats of terrorist nature. The basic assignments of the Team include, inter alia: monitoring of terrorist threats, presenting opinions and conclusions to the Council of Ministers, developing draft standards and procedures in the scope of combating terrorism, initiating and coordinating activities undertaken by the competent governmental administration bodies, organising cooperation with other countries in the scope of combating terrorism, etc.

In the scope of ITTT's activities, meetings were held to discuss, inter alia, operations of the services in relation to securing public space and Christmas fairs. Moreover, the subject of works covered the assessment of impact of terrorist attacks in countries of Western Europe on the level of terrorist threats in Poland and the analysis of impact of terrorist type incidents and anti-terrorist actions on the situation of security and the international environment of Poland. Within the ITTT, the GIFI report on implementation of the *Act of 16 November 2000 on Counteracting Money Laundering and Terrorist Financing* in 2016 was presented and discussed, including information concerning the progress in implementation of the MONEYVAL Committee recommendations related to strengthening of the system for counteracting terrorist financing in Poland.

For the needs of the ITTT, the analysis of security situation in regions of the world popular among Polish tourists in the holiday season was performed and the assessment of terrorist threats in civil aviation on the territory of the Republic of Poland was presented. Moreover, the discussions also focused on the issue of collaboration in the scope of defining standards for securing critical infrastructure facilities and performing their checks. Important elements of the ITTT's activities also included the preparation of the analysis regarding states supporting terrorist groups and the status of terrorist threats for the Republic of Poland and its citizens in 2016, including the forecast for 2017.

The substantive support of the GIFI activities within the ITTT was provided through participation of experts representing the Financial Information Department in the works of the Task Force – Standing Expert Group playing the key role in the scope of monitoring terrorist threats, their analysis and assessment.

Under the implementation of the Action Plan contained in the “National Anti-Terrorist Programme for 2015-2019” (established on the initiative of the ITTT), the GIFI cooperated with the Ministry of Justice in developing the proposal of amendments to Article 165a of the *Penal Code*, in compliance with the recommendations of the MONEYVAL Committee

evaluators. The amendment was introduced under the *Act of 23 March 2017 amending the Act on the Penal Code and certain other acts* (Journal of Laws of 2017 item 768).

4. CONTROLS

4.1. CONTROLS CONDUCTED BY THE GIFI

In 2016, the GIFI conducted 25 controls in the following obligated institutions:

- banks - 2,
- investment fund management companies - 2,
- brokerage houses - 1,
- currency exchange offices - 3,
- payment institutions - 2,
- auction houses - 2,
- casinos - 5,
- betting operators - 5,
- foundations – 3.

As a result of the conducted controls, irregularities in the performance of obligations under the *Act* by the obligated institutions were revealed. The irregularities included:

1) formal irregularities:

- failure to adjust internal procedures to the provisions of the Act,
- irregularities in the scope of completing transaction cards.

2) substantive irregularities:

- registration of transactions while missing the time limit specified in § 2(2) of *Regulation of 21 September 2001 on Determining the Template of Register of Transactions, the Manner to Keep the Register, and the Mode to Provide Data from the Register to the General Inspector of Financial Information* (Journal of Laws of 2001, No. 113, item 1210, as amended), hereinafter referred to as the Regulation.
- failure to take into account the principles indicated in §4(3) of the Regulation, through compromising the structure of the electronic record, defined in Annex no. 2 to the Regulation,
- failure to register transactions of the equivalent value exceeding EUR 15,000 referred to in Art. 8(1) of the *Act*,

- submission of a hard copy of data related to more than one transaction to the GIFI, which is not compliant with §7(1) of the Regulation,
- providing the GIFI with information related to transactions violating the time limit referred to in Article 12(2)(1) of the *Act*,
- failure to perform risk analysis,
- assigning inappropriate risk category to a part of clients covered by the sample,
- the risk category unknown to employees of the obligated institution branches,
- the notifications to the GIFI regarding transactions referred to in Article 16(1) and (17) of the *Act* were too general,
- failure to document and file results of the current analysis of all transactions conducted, imposed by Article 8a of the *Act*,
- failure to provide the GIFI with documents related to transactions referred to in Article 8(1) of the *Act* as well as missing the time limit for providing the GIFI with the documents concerning the transactions,
- failure to apply financial security measures referred to in Article 8b(3)(1), (2) and (4) of the *Act* and Article 9e(2) of the *Act*.
- failure to ensure the participation of all employees in training programmes concerning the obligations provided for in the amended provisions of the *Act* and incorrect completion of transaction cards.

The GIFI issued post-control recommendations to the obligated institutions concerning the irregularities found. Among other, the following recommendations were issued:

- adjustment of the internal procedure to the requirements of the *Act*, in particular, to Article 10a(2) of the *Act*,
- registering transactions in the register of transactions in the manner compliant with the provisions of the *Act* and the Regulation,
- transferring the data by means of teletransmission through the secured GIFI website – <https://www.giif.mofnet.gov.pl/giif/> – in the case of submitting the data concerning more than one transaction,
- providing the GIFI with documents related to transactions registered in accordance with the provisions of Article 8(1), (1a) and (3) of the *Act*, keeping the time limit defined in Article 12(2) of the *Act*,
- conducting risk analysis in relation to all clients in order to apply the relevant financial security measures prior to occurrence of incidents referred to in Article 8b(4) of the *Act*,
- assigning the appropriate risk category and applying the financial security measure referred to in Article 8b(3)(4) of the *Act*, in compliance with the requirements of the *Act*,

- implementing measures enabling access of the obligated institution branch employees to the analysis of money laundering and terrorist financing risk from the day of receiving this report,
- fulfilment of the training obligation immediately after the commencement of work by newly recruited employees, performing the obligations associated with counteracting money laundering and terrorist financing,
- registering all related transactions after the performance of the analysis of circumstances potentially indicating that a transaction was divided with the aim of avoiding the registration obligation,
- applying financial security measures referred to in Article 8b(3) of the *Act* and in Article 9e of the *Act*, documenting and storing of information acquired as a result of application of those measures over a period of 5 years, counting from the first day of a year following the year in which the transaction with a client was conducted,
- conducting ongoing analysis of transactions performed and documenting the results of this analysis in relation to all transactions performed.

In accordance with Article 27 of the Act, information on the results of the controls conducted by the GIFI auditors were submitted to the supervising authorities for further official use.

Moreover, in 2017 the GIFI submitted 18 notifications to the prosecutor's office concerning committing offences fulfilling the premises of acts defined in Article 35 of the *Act*.

4.2. CONTROLS CONDUCTED BY SUPERVISORY INSTITUTIONS

Pursuant to the provisions of art. 21 item 4 of the Act, supervisory institutions shall forward information on the results of the controls to the GIFI. Data in possession of the GIFI shows that in 2017³:

- the National Bank of Poland conducted 656 controls of currency exchange operators,
- the National Cooperative Savings and Credit Union conducted 9 controls in the Cooperative Savings and Credit Unions,
- the Financial Supervision Authority conducted 39 controls,
- Presidents of appellate courts conducted 171 inspections in civil law notary offices,
- Heads of Customs Offices conducted 2 controls in entities operating game rooms and casinos,
- Treasury Control Offices conducted 4 controls,
- Customs and Tax Control Offices conducted 47 controls.

The evidence gathered during the controls and forwarded to the GIFI with the results of controls provides the basis for the GIFI to impose fines.

³ as at 31 January 2017

4.3. ADMINISTRATIVE PROCEDURES FOR THE IMPOSITION OF FINES

The procedures for the imposition of fines on the obligated institutions for irregularities in performing the obligations referred to in Article 34a of the *Act* are carried out under the provisions of the Code of Administrative Procedure. Imposition of pecuniary penalties falls within the jurisdiction of the GIFI. While determining the amount of a fine, the GIFI takes into consideration the type and extent of the violation, the previous activity of the institution, and the financial capability thereof.

In 2017, the GIFI carried out 99 administrative proceedings for the imposition of fines on the obligated institutions for failing to observe the provisions of the *Act*. Based on the results of own controls, the GIFI conducted 10 proceedings, i.e. 10.10% and 89 proceedings (89.90%) based on the results of controls performed by other authorities referred to in Article 21(3) of the *Act*.

In 2017, the GIFI issued 99 administrative decisions, including:

- 6 decisions discontinued the conducted administrative proceedings,
- 6 decisions waived imposing of administrative fine and only the instruction was used,
- 2 decisions partly discontinued pending administrative proceedings and partly waived imposing of administrative fine and only the instruction was used,
- 85 decisions imposed fines on the obligated institutions in the amount from PLN 200 to PLN 300,000.

In 2017, under the decisions issued, the GIFI determined fines amounting in total to PLN 1,254,300. The fines imposed by the GIFI constitute the revenue of the State budget.

In 2017, 14 appeals against the decisions issued by the GIFI were filed with the Minister of Development and Finance (including 12 appeals against the GIFI decisions issued in 2017). The Minister of Development and Finance upheld 7 decisions of the GIFI; in 4 cases the Minister repealed the decision of the GIFI entirely and decided on fines in lower amounts; in 1 case the Minister repealed the decisions of the GIFI entirely and discontinued the proceedings of the first instance entirely; and as on 31 December 2017 administrative proceedings before a body of second instance were pending in one case. In one case, the Minister of Development and Finance discontinued the appeal proceedings.

In 2017, 5 complaints against the decisions of the Minister of Development and Finance were filed with the Regional Administrative Court in Warsaw. In 2017, the Regional Administrative Court dismissed entirely 5 complaints against the decisions of the Minister of Development and Finance; 2 complaints were filed with the Supreme Administrative Court.

5. NATIONAL COOPERATION

5.1. EXCHANGE OF INFORMATION WITH NATIONAL ENTITIES

In 2017, the GIFI continued its cooperation with national entities in accordance with the rules and procedures defined in Articles 32 and 33 of the *Act*, providing responses to their requests for information.

Authorised bodies, mainly the prosecutor's offices and other law enforcement authorities, use the data held by the GIFI. Information collected according to the procedure and in the scope provided for under the *Act* is made available by the GIFI on request of courts and prosecutors for the needs of pending criminal proceedings (Article 32 of the Act). Information on transactions is provided by the GIFI also upon requests of the minister competent for the matters of the interior (and persons authorised thereby from the units subordinated thereto, among others the Police and the Border Guard), the heads of the Internal Security Agency (hereinafter referred to as the ABW), the Foreign Intelligence Agency, the Military Counter-Intelligence Service, the Military Intelligence Service, and the Central Anti-Corruption Bureau (hereinafter referred to as the CBA). Moreover, the bodies authorised to acquire information on transactions include, inter alia, the Head of the National Revenue Administration (until 28 February 2017, the General Inspector of Treasury Control), Directors of Revenue Administration Regional Offices (until 28 February 2017, heads of tax chambers) and Heads of Customs and Tax Control Offices (until 28 February 2017, directors of treasury control offices) and other authorities (Article 33(2) and (4) of the Act).

An important element of the cooperation deserving emphasis is the exchange of information with the national entities under Article 14(2) of the *Act*. Pursuant to this provision, the prosecutor's offices and other law enforcement authorities inform the GIFI on a case by case basis of acquiring information indicating the suspicion (of committing a crime) of money laundering or terrorist financing, instigation and completion of proceedings in a case for the offence of money laundering or terrorist financing, bringing charges of committing any of the said offences (also in the case when the proceedings were instigated based on information from sources other than the GIFI).

The quantitative analysis of the data concerning the exchange of information with the national entities shows steady development of the GIFI cooperation mainly with the prosecution organisational units whereas the cooperation with broadly understood revenue authorities (currently bodies of the National Revenue Administration - NRA), police bodies and the Internal Security Agency has decreased.

Table no. 3 – Summary of data concerning the cooperation with selected national entities under Article 32, 33 and 14(2) of the Act in 2015-2017

Institution	Year	No. of requests under Article 32 and 33 of the Act	No. of pieces of information under Article 14 of the Act
Prosecution Organisational Units	2015	516	118
	2016	597	51
	2017	747	77
Courts ⁴	2015	8	NA
	2016	1	NA
	2017	6	NA
NRA bodies and their predecessors ⁵	2015	1656	NA
	2016	1405	NA
	2017	834	NA
ABW	2015	96	7
	2016	54	4
	2017	40	1
CBA	2015	22	1
	2016	26	0
	2017	31	2
Police	2015	199	47
	2016	145	55
	2017	109	40
Border Guard	2015	33	1
	2016	27	2
	2017	29	2
Total:	2015	2530	174
	2016	2255	112
	2017	1796	122

5.1.1. COOPERATION WITH ORGANISATIONAL UNITS OF PROSECUTOR'S OFFICES AND COURTS

In 2017, the GIFI received 747 requests for information concerning 3,702 entities from the organisational units of the prosecution pursuant to Article 32 of the *Act*, which means a 25.1% increase in the number of submitted requests, with simultaneous decrease in the number of entities by 17.5% in relation to the previous year (in 2016, 597 requests related to 4488 entities were submitted to the GIFI).

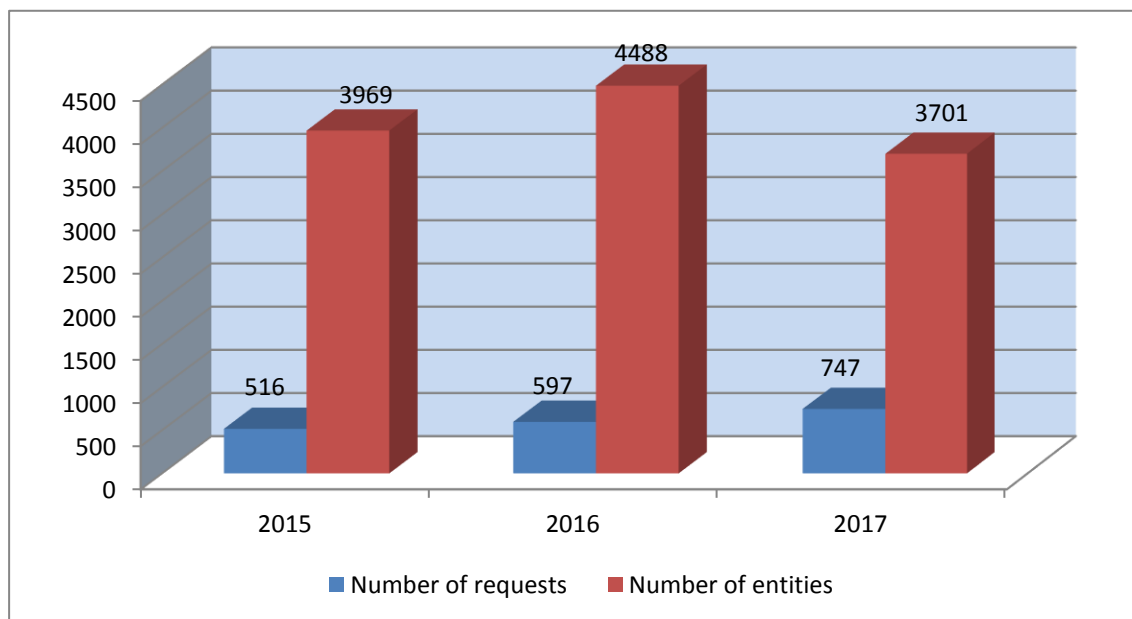
In the recent years the cooperation with the prosecutor's offices has been more and more effective, which is demonstrated by the high number of requests for information submitted to

⁴ Refers to courts sending requests for information in connection with pending criminal proceedings.

⁵ i.e. treasury control authorities, tax chambers and customs service bodies.

the GIFI by the organisational units of the prosecution. As of 2014 the organisational units of the prosecution sent more than 500 requests per year, which means a considerable growth as compared to the previous years (in 2013, 400 requests were recorded). In 2016, within these requests, a growth was recorded in the number of requests regarding and serving, to a major extent, for determining components of assets as well those processed under the international legal assistance. In addition, with the aid of the requests processed and information acquired in that way, the organisational units of the prosecution were able to present charges to suspects to a greater extent, in particular charges regarding Article 299 of the *Penal Code*.

Chart no. 13 – Cooperation with organisational units of the prosecution offices in the years 2015-2017 under Article 32 of the Act



In 2017, the GIFI also received 6 requests for information from courts, related to 8 entities. For comparison, in 2016 the GIFI received one such request for the needs of the penal proceedings, in the scope of 13 entities.

In 2017, the GIFI received 77 pieces of information from the organisational units of the prosecution under Article 14(2) of the *Act*, which means a 51% growth in relation to 2016 when 51 pieces of information were recorded. At the same time, a 41.5% decline is visible in the number of entities the submitted information referred to (421 entities in 2016, 246 entities in 2017).

In 2017, the submitted information most commonly concerned the instigation of proceedings in connection with the suspicion of committing the criminal offence indicated in Article 299 of the *Penal Code*, or the presentation of charges to specific persons under this provision. In several tens of such cases, the organisational units of prosecution offices added a request for considering undertaking by the GIFI of the statutory activities specified in Article 18a of the *Act*, and subsequent.

On the basis of information provided by competent authorities under Article 14(2) of the *Act*, the GIFI undertook statutory activities ultimately aiming at “cutting off” offenders from assets and, at the same time, from legalisation of funds originating from so-called prohibited acts. The objective of such cooperation was the submission of notifications to competent

organisational units of the prosecution offices based on information received by the GIFI, indicating suspected committing of a criminal offence defined in Article 299 of the Penal Code.

As in the previous years, in 2017 situations were also recorded where the organisational units of the prosecution, within one letter, submitted information under Article 14(2) of the Act, at the same time requesting for the data under Article 32(1) of the Act, which allowed for more efficient and effective information exchange.

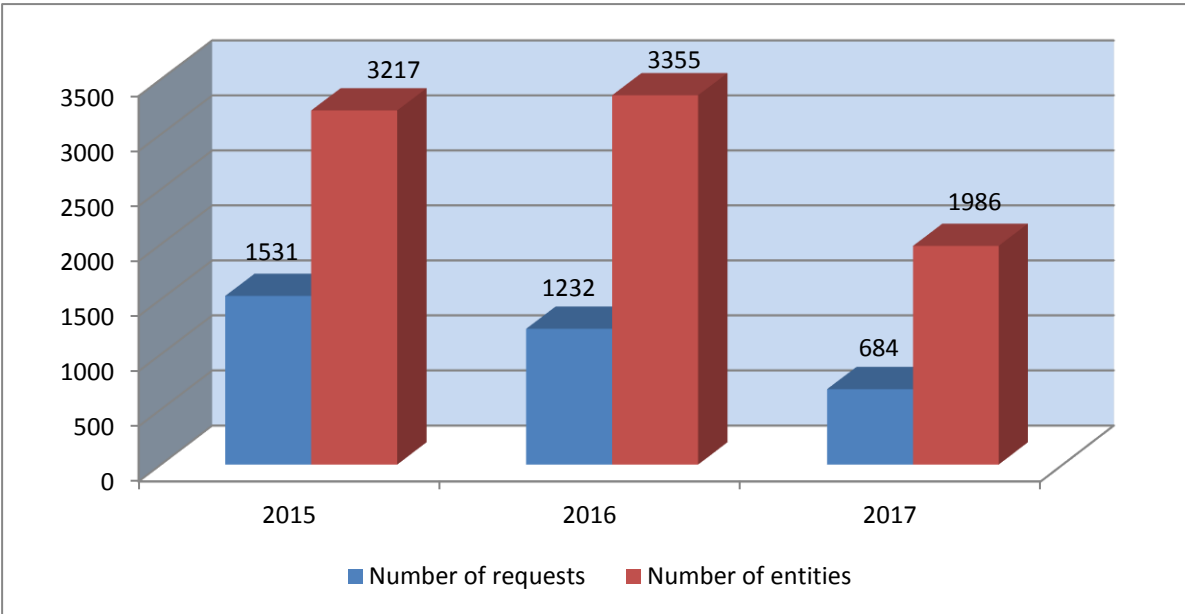
For the purpose of cooperation with organisational units of the prosecution, safe electronic information exchange channels were used, both for the exchange of information with the organisational units of the prosecution as such and with the obligated institutions, from which information on transactions covered by the provisions of the Act was acquired for the needs of this cooperation.

In 2017 cooperation with the organisational units of the prosecution was continued which consisted in the participation of representatives of the Financial Information Department in initiatives aimed at the exchange of experience in the field of counteracting money laundering and terrorist financing. This allowed for substantive support of the training participants and dissemination of good practices aimed at providing more efficient cooperation between the GIFI and representatives of the organisational units of the prosecution.

5.1.2. COOPERATION WITH BODIES OF THE NATIONAL REVENUE ADMINISTRATION

In 2017, the GIFI received 684 requests from Heads of Customs and Tax Control Offices (legal successors, mainly of the treasury control bodies, i.e. directors of treasury control offices) in the scope of 1986 entities. It means a decline in the number of requests submitted by 44.5% as compared to 2016 when the GIFI received 1232 requests related to 3355 entities.

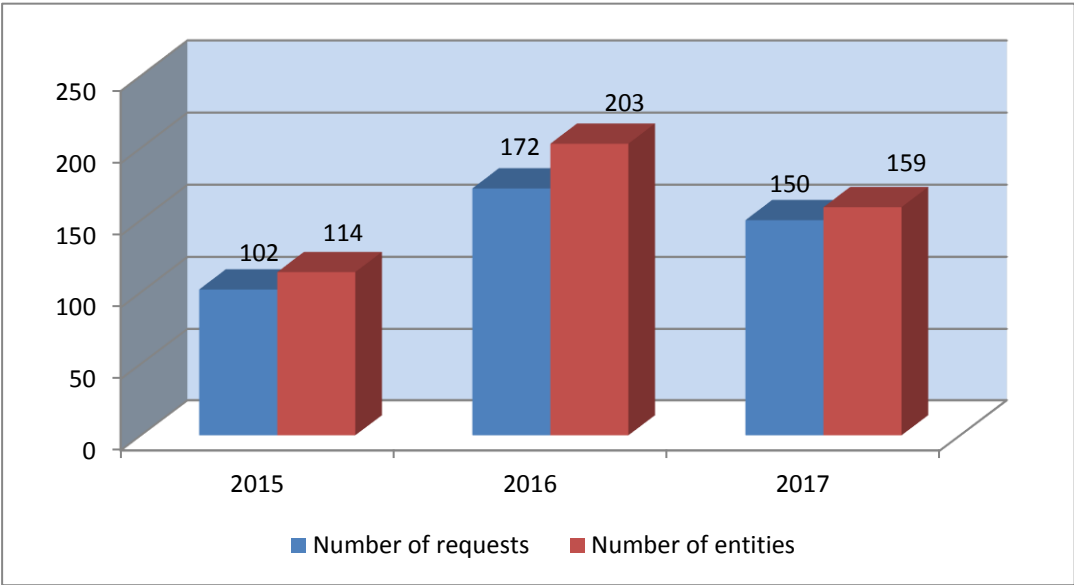
Chart no. 14 – Cooperation with treasury control offices and customs and tax control offices in the years 2015-2017 under Article 33 of the Act



Despite the decline in the number of requests for information and the number of entities applying, an increase in effectiveness of cooperation in this scope has been noticeable over the recent years. In many cases, as a consequence of the exchange of correspondence related to those requests in 2017, further cooperation between the authorities was undertaken under Article 15a(1) and (3) of the *Act*. The effect of such cooperation was the submission of notifications to competent organisational units of the prosecution offices based on information received by the GIFI from the NRA, indicating suspected committing of a criminal offence defined in Article 299 of the Penal *Code*. The ultimate goal of the statutory activities undertaken by the GIFI was also to “cut off” offenders from assets and, at the same time, to prevent legalisation of funds originating from prohibited acts, in particular those originating from the fiscal offence.

Moreover, in 2017 the GIFI received 150 requests for information from directors of revenue administration regional offices / directors of tax chambers with regard to 159 entities, as compared to 172 requests referring to 203 entities in 2016. Compared to 2016, it means a decline in the number of requests for information by 12.8%.

Chart no. 15 – Cooperation with tax chambers and revenue administration regional offices in the years 2015-2017 under Article 33 of the Act



In 2017, permanent cooperation was continued which consisted in the co-organisation of training events aimed at developing knowledge in the field of counteracting money laundering and terrorist financing with the participation of the NRA bodies as well as the cooperating units and law enforcement services. Moreover, representatives of the management of the Financial Information Department also participated in quarterly consultation meetings attended by the NRA management.

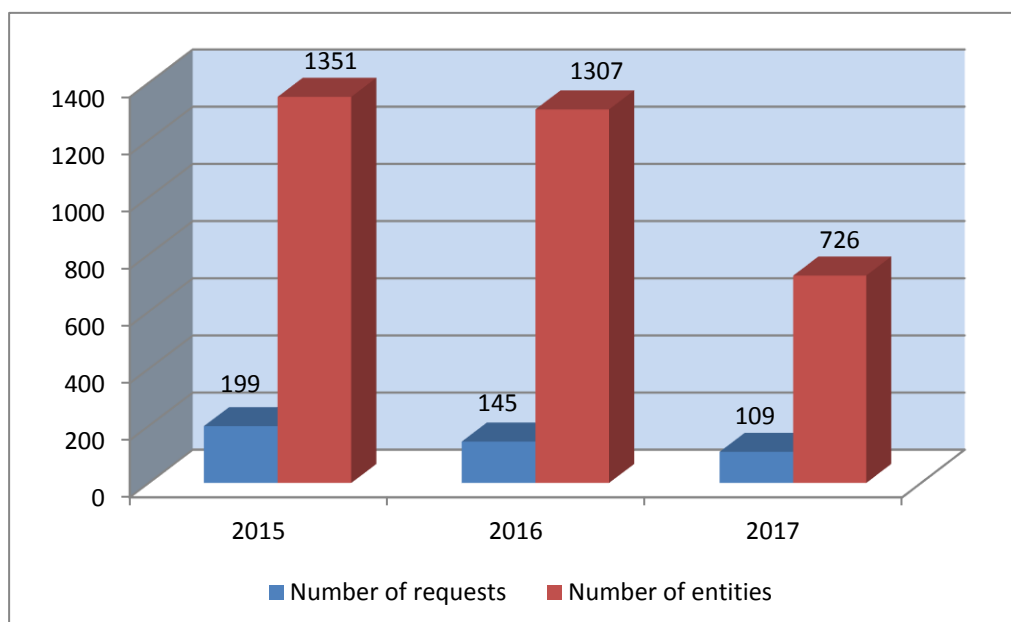
5.1.3. COOPERATION WITH AUTHORITIES REPORTING TO THE MINISTER OF THE INTERIOR

In 2017, the GIFI received 109 requests under Article 33 of the Act from the Police organisational units, which regarded 726 entities, including a considerable part of applications submitted by authorised persons representing:

- Criminal Bureau of the National Police Headquarters,
- Department of Asset Recovery of the Criminal Bureau of the National Police Headquarters,
- Central Bureau of Investigation of the Police (CBŚP).

As in the previous years, the cooperation with regard to the execution of the requests for the needs of the representatives of the Police authorities was efficient and effective.

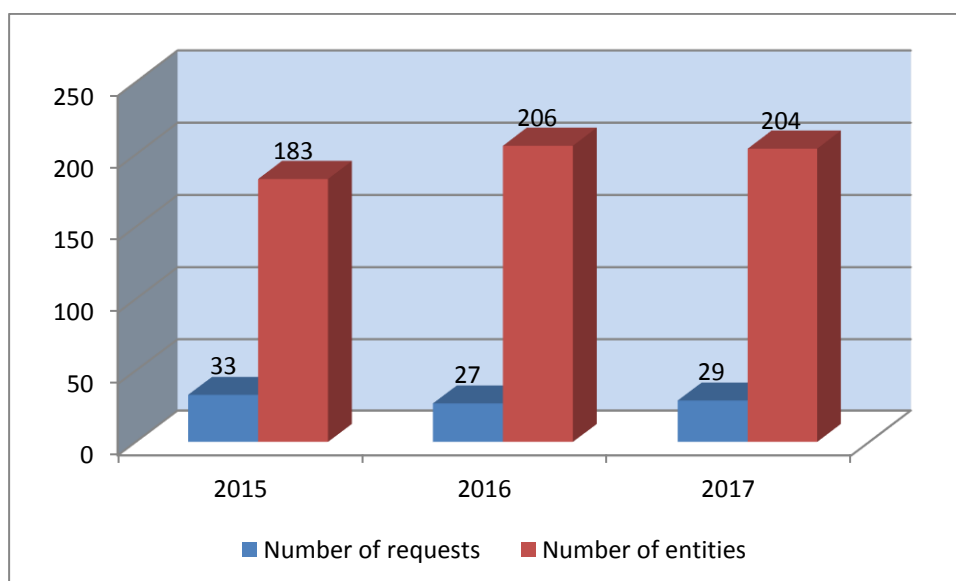
Chart no.16 – Cooperation with the Police and CBŚP in the years 2015-2017 under Article 33 of the Act



However, it should be stressed that 2017 was the consecutive year when the number of requests decreased (a 24.8% decline as compared to the data for 2016 when the GIFI received 145 requests regarding 1307 entities from the Police organisational units).

Moreover, in 2017, the GIFI provided responses to 29 requests, concerning 204 entities, submitted by the authorised representatives of the Headquarters of Border Guard, which shows a growth in the number of requests by 7.4% in relation to the data for 2016 when 27 requests regarding 206 entities had been submitted.

Chart no. 17 – Cooperation with the Border Guard in the years 2015-2017 under Article 33 of the Act



The units supervised by and reporting to the minister competent for the interior duly performed the obligations defined in Article 14(2) of the Act, which allowed for significant expansion of the cooperation in the scope of counteracting the offence defined in Article 299 of the *Penal Code*. In 2017, the GIFI received 40 such pieces of information from the organisational units of the Police with regard to 411 entities and 2 pieces of information from the Border Guard with regard to 142 entities. On the other hand, in 2016, the GIFI received 55 such pieces of information from the organisational units of the Police with regard to 518 entities and 2 pieces of information from the Border Guard with regard to 4 entities.

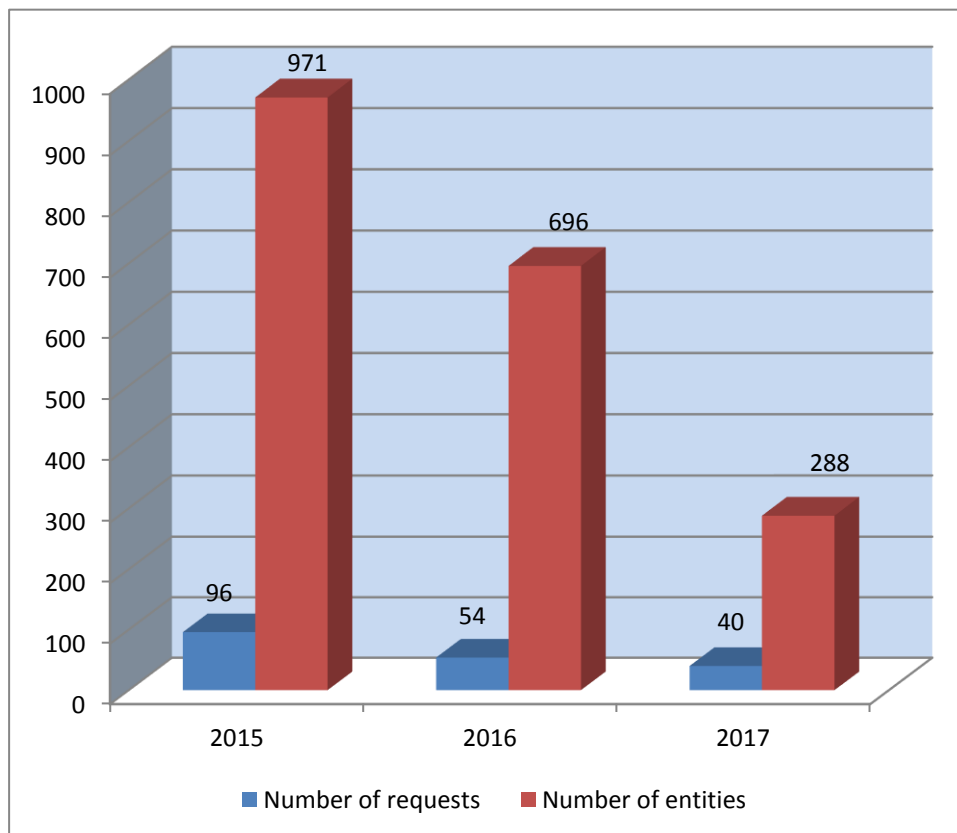
Based on the information received, the GIFI was able to fulfil its statutory obligations more effectively, including the use of the institution of account blocking referred to in Article 18a of the *Act* and subsequent. The activities undertaken in the field of analyses conducted by the GIFI allowed for more efficient cooperation already at the stage of operational and diagnostic work of the services subordinated to and supervised by the minister competent for the interior. In 2017, within the cooperation with the units supervised by and reporting to the minister competent for the interior, representatives of the Financial Information Department participated in many conferences, seminars, workshops organised with the participation of the Police bodies, resulting in the enhancement of the cooperation in the scope of counteracting money laundering.

5.1.4. COOPERATION WITH THE STATE SECURITY SERVICES

Within the cooperation under Article 33 of the *Act*, the GIFI received 40 requests concerning 288 entities from the Head of the Internal Security Agency, as well as 1 piece of information provided under Article 14(2) of the *Act* referring to 2 entities.

However, it should be stressed that in 2017 the cooperation with the ABW continued to decrease. In relation to 2016, a 25.9% decline in the number of requests is visible (in 2016, 54 requests were submitted) as well as a 58.6% decrease in the number of entities covered by the requests (696 entities in 2016).

Chart no. 18 – Cooperation with the ABW in the years 2015-2017 under Article 33 of the Act



It should be additionally emphasised that in 2017, representatives of the Financial Information Department took part in projects organised with the participation of the ABW.

In 2017, 4 requests regarding 9 entities were also received from the Military Counter-Intelligence Service.

5.1.5. COOPERATION WITH THE CENTRAL ANTICORRUPTION BUREAU

Under Article 33 of the Act, the GIFI received 31 requests concerning 343 entities from the CBA as well as 2 pieces of information submitted under Article 14(2) of the *Act* which referred to 24 entities.

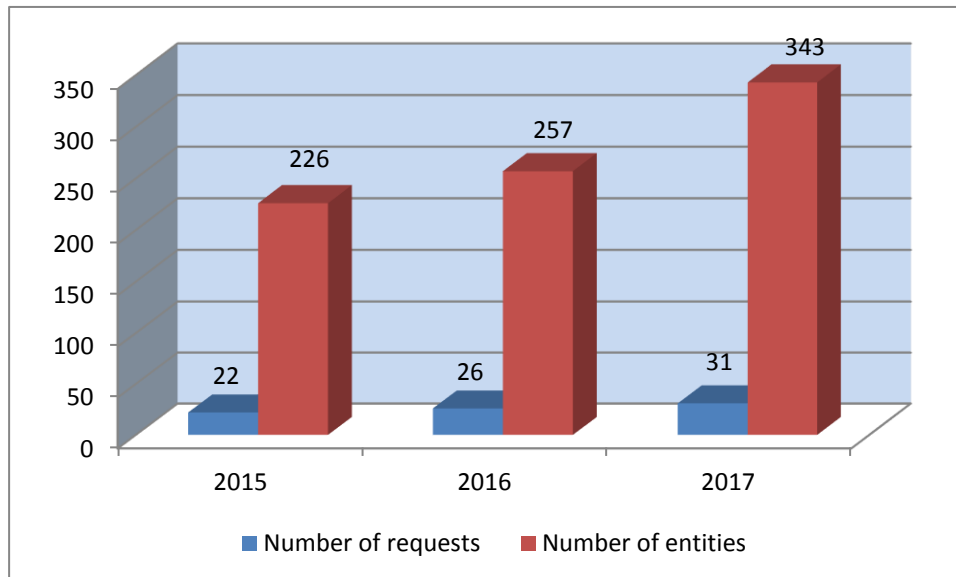
On the other hand, in 2016, the GIFI received 26 requests in the scope of 257 entities from the CBA as well as 4 pieces of information submitted under Article 14(2) of the *Act*, which referred to 55 entities.

It should be noted that in 2017, the trend of permanent growth in the number of both requests for information submitted and the entities indicated, continuing since 2015, was maintained. Compared to 2016, it means a growth in the number of requests by 19.2% and a growth of requested entities by 33.4%.

In relation to the exchange of information with the CBA, the quality of the justification to the requests was of particular importance, as it frequently constituted a prerequisite for further

correspondence with the GIFI, among others in form of notifications prepared under Article 33(3) of the *Act*.

Chart no. 19 – Cooperation with the CBA in the years 2014-2017 under Article 33 of the *Act*



It should be additionally emphasised that in 2017, representatives of the Financial Information Department took part in projects organised with the participation of the Central Anticorruption Bureau.

5.1.6. COOPERATION WITH THE NCIC

In 2017 the GIFI cooperated with the Head of the National Criminal Information Centre (NCIC). The GIFI provided criminal information ex officio (the number of registrations – 15), whereas the NCIC responded the inquiries addressed by the GIFI (1155 inquiries, including 1155 requests to the obligated entities to complete the criminal information).

In addition, the NCIC submitted queries to the GIFI. In 2017 these regarded 3,528 entities. As a result of checking the databases of the GIFI, in 843 cases the response indicated that the entity asked about occurred in the analytical proceedings conducted by the GIFI.

The NCIC queries are provided to the GIFI electronically, in an agreed format, which allows to generate and provide reports partially automatically. In 2017, the aforementioned queries regarding 3,528 entities were submitted in the form of 122 electronic files directly to the GIFI IT system.

5.1.7. OTHER INFORMATION

Since 2015, the GIFI, acting pursuant to Article 49a(10) of the *Act of 9 June 2011 – Geological and Mining Law* (Journal of Laws of 2016, item 1131, as amended), issues opinions for the needs of the qualification proceedings with regard to entities interested in conducting business activity in prospecting and exploring hydrocarbon deposits, and production of hydrocarbon from a deposit, or in the concession for the production of hydrocarbon from a deposit, in the scope referred to in Article 49a(2)(1).

In 2017, the Minister of the Environment sent 11 requests in the said scope to the GIFI to obtain an opinion.

An important tool for disseminating knowledge on counteracting money laundering and terrorist financing is also the website of the Ministry of Finance. The publications of the Financial Information Department are posted under the GIFI activity-related tab (www.mf.gov.pl: BIP/Ministerstwo Finansów/Działalność/Generalny Inspektor Informacji Finansowej [Public Information Bulletin/Ministry of Finance/Activity/General Inspector of Financial Information]). The tab is divided into subtabs, the names of which clearly indicate the topics of the publications to the recipient. Interested parties will find, inter alia, proper information on current activities of the GIFI, the system of counteracting money laundering and terrorist financing, legal provisions, current announcements and publications.

5.2. TRAINING ACTIVITIES

Conducting training activity and the exchange of information on a broad scale is required for ensuring more effective and more efficient operations of services and institutions involved in combating money laundering and terrorist financing.

On 23-24 October 2017, the GIFI organised the conference related to new challenges faced by the FIUs - new legislation, new technologies, new threats, held at the Ministry of Finance. The meeting focused on three key topics:

- the new *Act on counteracting money laundering and terrorist financing*,
- the development of the *FinTech* sector in Poland - challenges related to new technologies and their usefulness for analytical proceedings and innovative tools used by our partners from Canada and the United Kingdom,
- a new threat to be coped with by the Polish financial intelligence unit - the crime of terrorist financing.

The conference was attended by representatives of the law enforcement agencies and representatives of the academic world. Lecturers comprised representatives of both national and foreign institutions from Austria, Canada, Russia and the United Kingdom.

Under the implementation of priority no. 9 included in the Action Plan of the “National Counter-terrorist Programme 2015-2019” (*Resolution no. 252 of the Council of Ministers of 9 December 2014 - M.P. of 2014 item 1218*), on 10 April 2017 the GIFI organised the conference for representatives of prosecutor’s offices and law enforcement agencies concerning counteracting terrorist financing. Representatives of the Polish financial intelligence unit discussed the issue of counteracting terrorist financing in the light of conducted analytical proceedings and outlined the scheme of the GIFI cooperation with law enforcement agencies. The key lecturer and guest of the conference – Mr Yehuda Shaffer, Deputy Prosecutor General of Israel – introduced participants of the conference to practical principles of cooperation of the Israeli prosecutor’s office with other law enforcement agencies in the scope of counteracting terrorist financing. On the other hand, the

representative of Border Guard presented examples of threats posed by immigrant communities and discussed Asian criminal activity in Poland.

At the beginning of 2017, the GIFI continued a cycle of meetings called “Mondays with the General Inspector of Financial Information”, initiated in May 2016. The objective of this initiative was to present the most important and current problems in the area of combating money laundering, terrorist financing and predicate offence to cooperating units, obligated institutions, scientific and academic communities as well as social partners. The topics presented during those meetings referred to:

- rules of evaluation of the Polish anti-money laundering and counter-terrorism financing system planned under the fifth round of mutual assessments of MONEYVAL member states,
- combating organised illegal migration,
- combating organised Asian crime,
- combating crime against national heritage,
- issues related to property recovery,
- bank crime,

The aforementioned problems were presented by representatives of the GIFI as well as cooperating units, obligated institutions, scientific communities and social partners.

In 2017, 5 meetings were held, jointly attended by approx. 200 persons representing public administration bodies and the private sector. The meetings also provided an excellent training platform for employees of the Polish FIU.

Moreover, in connection with the evaluation of the Polish anti-money laundering and counter-terrorism financing system (AML/CTF) scheduled in 2019, the GIFI in cooperation with the Office of the Polish Financial Supervision Authority organised a cycle of seminars concerning the fifth round of mutual assessments of national anti-money laundering and counter-terrorism financing systems. The meetings were addressed to representatives of obligated institutions and cooperating units. They referred to participation of those entities in the process of future evaluation of the Polish AML/CFT system and the progress of this process. In 2017, 5 meetings were organised in total.

In 2017, representatives of the Financial Information Department took active part - as speakers or participants in numerous training events / workshops (referred to in the previous sections hereof) and conferences devoted to the issues covered under the *Act*, including, among others, the following meetings:

- the consultation organised by the Department of Property Recovery of the Criminal Office at the National Police Headquarters on 11-13 April 2017,
- the seminar on “Combating TV signal theft. Crime against intellectual property”, organised at the Police Academy in Piła on 19-20 April 2017, with the participation of representatives of ZAiKS Authors’ Association, SYGNAŁ Association and the Antipiracy Coalition as well as organisational units of the Police (the National Police Headquarters, Police Academies as well as regional and district garrisons),

- the conference on “Pharmaceutical Crime. Falsified medicines and new psychoactive substances - designer drugs”, organised at the Police Academy in Piła on 9-10 May 2017,
- the conference on “Cooperation of the Police and the banking sector in the scope of prevention, disclosure and combating of crime associated with banks’ operations”, dedicated to representatives of obligated institutions (in particular, the banking sector) and representatives of field police units, organised at the Police Academy in Szczytno on 28-30 June 2017,
- the consultation organised by the Department of Property Recovery of the Criminal Office at the National Police Headquarters on 3-4 October 2017,
- the conference on “Systemic mechanisms of corruption combating in the public space”, organised by the MSWiA (Ministry of the Interior and Administration), with the participation of the Criminal Office at the National Police Headquarters, held on 22-23 November 2017, dedicated mainly to representatives of the Police,
- the training in the scope of counteracting money laundering for representatives of the Central Bureau of Investigation of the Police, organised at the Police Academy in Szczytno on 20 December 2017.

Until April 2017, as in the previous years, the GIFI offered a free e-learning course on counteracting money laundering and terrorist financing. In the period from 1 January to 18 April 2017, 4,331 persons completed the course.

6. INTERNATIONAL COOPERATION

6.1. COOPERATION WITH THE EUROPEAN COMMISSION

6.1.1. EXPERT GROUP ON MONEY LAUNDERING AND TERRORIST FINANCING

The task of the Expert Group on Money Laundering and Terrorist Financing (EGMLTF) is to support the European Commission (EC) in setting out the direction of the policy, drafting legal instruments, advice at the stage of preparation of applications concerning enforcement measures and coordination of the cooperation and opinion exchange with the Member States.

In 2017 the Group met four times. During the meetings the Member States informed of the progress in implementing the provisions of Directive 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing as well as of preparations of national assessments of risk related to money laundering and terrorist financing.

Issues related to preparation of risk assessment at the EU level by the EC were also discussed. The report determining, analysing and assessing this risk was published in June 2017. In accordance with the provisions of Directive 2015/849, the EC will update it on a biannual basis or more frequently, as appropriate.⁶

In addition, the works of the EGMLTF included the collection of statistical data from the states, related to the effectiveness of their anti-money laundering and counter-terrorism financing systems. The statistics are collected for the purpose of conducting the reviews of such effectiveness as well as for the needs of risk assessment at the EU level.

During the meetings, the EC informed members of the Group on an on-going basis on the current status of works concerning the draft amendment to Directive 2015/849.

The Group was also working on the delegated regulation concerning a list of high-risk third countries demonstrating strategic gaps in their anti-money laundering and counter-terrorism financing systems. So far, the list of countries determined under the delegated regulation overlapped with the list of countries included in FATF public statements concerning the jurisdictions demonstrating strategic gaps in the scope of AML/CFT. The current guidelines concerning the EU list of states assume that it does not have to be identical to the FATF list. The EGMLTF worked on the preparation of the methodology for the autonomous states'

⁶ More information on this issue, in Chapter 8.

assessment process by the EC. The final agreement on the methodology is scheduled at the beginning of 2018.

The Group has also started works on the project concerning the preparation of a guide for identification of occasional and related transactions. Guidelines in this scope will be useful, among others for obligated institutions during the fulfilment of their obligations related to CDD. The aim of the project is to enable a harmonised interpretation of terms through, e.g. creating a list of precise criteria which would facilitate identification of occasional and suspicious transactions. The completion of the project is scheduled at the end of 2018.

Meetings of the Group were also devoted to other initiatives undertaken under the Action Plan in favour of more effective combating of terrorist financing:

- the assessment of the usefulness of establishing a European system which would complement the existing EU-US TFTP agreement by tracing transactions excluded under the mentioned agreement;
- the assessment of the legitimacy of introducing the EU regime for the freezing of assets of terrorists under Article 75 TFEU;
- directive concerning counteracting money laundering by means of criminal law measures;
- directive on combating counterfeiting and fraud of non-cash means of payment;
- regulation concerning the control of cash imported to the Community or exported from the Community;
- regulation concerning the application of the principle of mutual recognition of freezing and seizure orders;
- potential regulation concerning limitation of cash payments.

In addition, meetings of the Group provided the opportunity to discuss certain issues related to the assessment of anti-money laundering and counter-terrorism financing systems of the states by FATF and MONEYVAL. In 2017, the analyses covered the assessments of Denmark, Ireland, Portugal, Slovenia, Sweden and the Austrian progress report. During the meetings, the position of the European Commission as the FATF member was also discussed in relation to issues dealt with during the FATF meetings.

6.1.2. THE EU-FIU PLATFORM

The GIFI actively participated in the works of the EU-FIU Platform, getting involved in the matters discussed by that group. The Platform is an advisory body of the Commission. It is a forum for ongoing cooperation between the FIUs of the Member States. Problems discussed during the EU-FIU Platform meetings, include, among others: new EU activities in the scope of counteracting money laundering and terrorism financing, proposals to improve the exchange of information between financial intelligence units, issues of joint analysis of cases with a cross-border element, the subject of transnational risk assessment and reporting of suspicious transactions.

In 2017, altogether three meetings of the EU-FIU Platform were held. Members of this group were introduced on an ongoing basis to the progress of work on the draft amendment to

Directive 2015/849. Important topics of meetings of this group in also included: improvement of the exchange of information between financial intelligence units, the cooperation between the FIU and Europol as well as the transnational (EU) risk assessment.

In 2017, in cooperation with the financial intelligence units within the project group of the EU-FIU platform, Europol created the basic functions of the reporting system for cross-border suspicious transactions in the FIU.NET network. In accordance with the provisions of Directive 2015/849, since the end of June 2017 the application of the cross-border reporting system and its use by the FIUs has become the obligation of all Member States.

In the previous year, significant progress was also recorded in the use of the technology for anonymous data matching by financial intelligence units (so-called *ma³tch*). At present, these technologies are used by 24 FIUs of Member States (including the GIFI). A GIFI representative is the chairman of the project group for the promotion and development of the technology for anonymous data matching, consisting of representatives of European financial intelligence units, Europol and the European Commission.

6.1.3. THE FIU.NET ADVISORY GROUP

In 2016, Europol took over the task of managing the FIU.NET network from the Dutch Ministry of Justice and Security. In the framework of the EU-FIU Platform the FIU.NET Advisory Group was established to provide support to Europol in the scope of creating the development strategy for the FIU.NET network, implementation of innovation and issuing opinions on third country FIU applications for connecting to the aforementioned network.

In 2017 the FIU.NET Advisory Group held four meetings. The activities of the Group focused on the new system of cross-border reporting, the technology for anonymous data matching and on ensuring the stability of the FIU.NET network and developing a long-term strategy of its development within the Europol structures. Within the works of the FIU.NET Advisory Group, the representative of the GIFI reported on an on-going basis the activities of the project group for the promotion and development of the technology for anonymous data matching he chairs. The GIFI representative also participated in the works of the newly established Working Group for the Development of the FIU.NET network.

In November 2017 Europol, in cooperation with the Advisory Group, organised the workshop for the FIU.NET network users. The workshop was oriented towards the presentation of practical experience of users related to the technology of anonymous data linking and cross-border reporting.

6.2. COOPERATION WITH THE COUNCIL OF THE EUROPEAN UNION

In 2017, the GIFI actively participated in the works on the draft amendment to Directive 2015/849 under the tripartite negotiations between the European Parliament, the EU Council and the European Commission. In December 2017, the political agreement was successfully reached concerning the final shape of the draft amendment to the aforementioned Directive. This agreement was accepted by Member States at the COREPER II meeting in December 2017.

In 2018, final works on the project are foreseen prior to its publication. This will require the GIFI to undertake actions with the purpose of implementation of the provisions of the new Directive by the end of 2019.

6.3. THE MONEYVAL COMMITTEE

In 2017, three plenary meetings of the MONEYVAL Committee were held, with the participation of the permanent Polish delegation consisting of representatives of the GIFI, the Financial Supervision Authority and the National Prosecutor's Office. Due to the process of Poland's periodical reporting (*regular follow-up*), in one case the composition of the delegation was strengthened by a representative of the Ministry of Justice.

Under the 4th round of mutual evaluations, the MONEYVAL Committee continued the monitoring of countries whose systems of counteracting money laundering and terrorist financing (AML/CFT) indicated a high number of ratings signifying non-compliance or partial compliance with the FATF Recommendations, evaluating their progress in implementing the corrective actions. Moreover, it performed the assessments under the 5th evaluation round, based on the FATF standards (of 2012) and the evaluation methodology (of 2013). The representative of the permanent delegation of Poland at MONEYVAL participated in the works of the Working Group on Evaluations (WGE), whose activities are aimed at selecting key issues from reports of individual MONEYVAL members, with the purpose of their further discussion in the plenary debate.

Under the 5th mutual evaluation round in 2017, the reports of Slovenia, Andorra, Ukraine were discussed as well as the progress report of Hungary.

During the MONEYVAL forum in 2017, progress in the implementation of recommendations proposed within the 4th evaluation round was discussed, including the requests for removal from the regular reporting process submitted by Lithuania, Poland, Bulgaria, Romania, Slovakia and Azerbaijan. The report of the 3rd evaluation round of the state of Vatican was also adopted.

During plenary meetings in 2017, the plenary of MONEYVAL assessed Poland's progress in the implementation of recommendations proposed within the 4th evaluation round, indicated in the evaluation report of Poland of 2013. At the 53rd plenary meeting in May 2017, considering the ongoing works on the new *Act on Counteracting Money Laundering and Terrorist Financing*, the plenary decided to postpone the final decision on the application of so-called Compliance Enhancing Procedure against Poland to the next, 54th plenary meeting, unless our country presents information on completion of the legislative process.

Under the FATF TFFFI initiative (FATF Terrorist Financing Fact Finding Initiative), MONEYVAL performed a review of Member States during which failures in national AML/CFT systems were identified in relation to their compliance with Recommendation 5 and 6 (mitigating measures in the scope of counteracting money laundering and financing of terrorism and counteracting proliferation of weapons of mass destruction). At the 53rd plenary meeting in May 2017, Poland presented its progress in implementing the recommendations concerning criminalising terrorism financing. The Polish delegation informed of entry into force of the Act of 23 March 2017 finalising the works on the amendments to the *Penal Code*. The aforementioned Act introduced the amendment to Article 165a of the *Penal Code*

enabling criminalisation of financing of a terrorist organisation and an individual terrorist, so called lonely wolf, for any purpose, consequently comprising criminalisation of financing legal needs of terrorists. Moreover, the aforementioned amendment to Article 165a of the *Penal Code* eliminated the need to identify the “financing purpose” for specific acts constituting a criminal offence, indicated in acts specified in the Annex to the *Convention on the Prevention of Terrorism*. The aforementioned amendment to the *Penal Code* allowed for Poland’s exit from the FATF TFFFI procedure.

In 2017, the MONEYVAL Committee conducted the election of the member of the MONEYVAL Office, the chairperson of the MONEYVAL Committee and his two deputies (for two-year term of office). The representative of the GIFI was re-elected as one of the aforementioned Vice-Chairpersons of the MONEYVAL Committee.

In connection with unplanned limitation of the budget available to the MONEYVAL Committee for 2017, the timetable of the Committee’s activities was changed. Accordingly, a delay in the former evaluation schedule is envisaged, including the planned evaluation dates in relation to Poland.

Under the preparation to the evaluation process, in 2017 the MONEYVAL organised training for evaluators, based on the new FATF evaluation method. A representative of Poland (a GIFI employee) took part in the aforementioned training. At the same time, the Committee requested the Member States that training participants prepared to the evaluator’s role in technical terms, should take part in evaluation missions and that heads of the delegations should appoint participants with the adequate preparation.

6.4. CONFERENCE OF THE STATES PARTIES TO THE WARSAW CONVENTION

In connection with the implementation of the provisions of the *Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism of 16 May 2005* (CETS 198), hereinafter referred to as the *Warsaw Convention*, and participation of Poland in the Conference of the States Parties to the Warsaw Convention (COP), the GIFI continued measures associated with activities undertaken by the aforementioned forum.

The representative of the GIFI participated in the 9th meeting of the Conference of the States Parties to the Warsaw Convention held in Strasbourg on 21-22 November 2017. During the meeting, the additional progress report in the scope of Poland’s compliance with the provisions of the *Warsaw Convention* was discussed, containing additional contribution of the Ministry of Justice and the National prosecutor’s Office, besides the contribution of the GIFI.

The delegation of Poland took part in the discussion on the analysis of Poland’s progress prepared by the COP Secretariat, referring to the latest adjustments of the Polish AML/CFT system to the provisions of the Convention, including the COP recommendations concerning the progress report published in 2015. It informed, among others, of the recent measures related to legislative changes in the scope of the Polish AML/CFT system, including:

- the progress of the legislative process of the new *Act on Counteracting Money Laundering and Terrorist Financing* – the GIFI representative presented the content of the relevant provisions of the aforementioned Act in the scope of exchange of

information between financial intelligence units (Article 46 of the *Warsaw Convention*);

- amendments to the Penal Code implementing *Directive 2014/42 of 3 April 2014 on the freezing and confiscation of instrumentalities and proceeds of crime in the European Union.*, in the scope of so-called extended confiscation – introducing Article 44a of the *Penal Code* enabling adjudication of forfeiture of an undertaking used to gain substantial economic benefits, even in the case when such undertaking is not owned by the perpetrator.

The COP Secretariat determined Poland’s progress in implementing of the *Warsaw Convention* provisions as insufficient. During the meeting, lack of improvements in relation to the Polish system of forfeiture of benefits originating from crime was emphasised and, among others, the following needs were emphasised:

- eliminating discretion in the scope of adjudicating the forfeiture of instrumentalities used to the criminal offence resulting in economic benefit,
- introducing a possibility to adjudicate confiscation *in rem*,
- establishing a system for the management of confiscated assets,
- undertaking specific measures aimed at introducing the liability of collective entities for criminal offence (lack of progress in proceeding of the draft Act in the aforementioned scope).

Despite the deficiencies identified, the Progress Report of Poland presented at the 9th plenary session of the COP was adopted. It was decided that during the next, 10th plenary session scheduled in October 2018, the delegation of Poland would orally report information concerning the progress accomplished. In the event of absence of such progress, the next step of the monitoring procedure will be applied.

In 2017, at the COP forum the decision was made to transfer from the system of monitoring the compliance of individual States Parties to the Convention (“country-by-country” monitoring type) to the horizontal system (monitoring of selected issues). This system will apply over a 2 year trial period and its potential revision may take place at the 11th plenary session of the COP in 2019. In relation to proceeding of progress reports of individual States Parties to the Convention, taking decision concerning subsequent procedure in this scope was postponed to the 10th COP plenary session in 2018.

6.5. THE EGMONT GROUP

The Egmont Group operates as a forum to discuss specific issues and problems related to activities of financial intelligence units (FIUs). The Egmont Group comprises units from 155 countries. Over the recent years, the Polish FIU has been actively involved in the works of the Group. Last year, a representative of the GIFI participated in the project team which prepared a new version of the Egmont Group questionnaire (*Egmont Biennial Census - EBC*). The Polish unit cooperated under other projects related to, inter alia, virtual currencies or problems related to identification of a beneficial owner.

In the previous year, GIFI representatives participated in two meetings of the Egmont Group – in Qatar and Macau (China). During the meetings mentioned above, among others, the following topics were discussed:

- establishing a training centre of Egmont Group (Egmont Centre for FIU Excellence and Leadership- ECOFEL);
- financing the terrorist activities of *Daesh* (so-called Islamic State), as well as activities of small cells outside its territory and foreign terrorist fighters coming back from so-called Islamic State;
- generally available sources of information useful in the analysis of transactions related to suspected terrorist financing;
- financial activity related to recruitment of foreign terrorist fighters;
- “Business Email Compromise” fraud;
- new payment methods and new payment services (*FinTech* sector);
- professional intermediaries in the money laundering practice;
- counteracting human trafficking;
- Innovation in *Egmont Secure Web* – new unified formats and new functionalities.

During the plenary meeting in Macau, Heads of FIUs elected the new Chairman of the Egmont Group, Ms Hennie Verbeek-Kusters, the Head of the Dutch FIU to replace Mr Sergio Espinoza, the Head of the Peruvian FIU on this position. Moreover, Heads of FIUs discussed the selection of the venue for the Egmont Group Secretariat, analysing proposals submitted by the states and international organisations.

During the Macau meeting, GIFI representatives also presented the organisational and legal changes related to the Polish Financial Intelligence Unit, in particular its new location within the structure of the National Revenue Administration since March last year.

An important element during Egmont Group meetings is the exchange of experience between representatives of financial intelligence units and a possibility of signing bilateral agreements on cooperation in the scope of counteracting money laundering and terrorist financing by heads of these units. Last year, during the Egmont Group meeting in Macau, the GIFI signed the agreement with the financial intelligence unit of New Zealand.

Moreover, the Polish FIU, jointly with other EU Member States included in the so-called Europe I Region, participated in meetings of its regional group, usually accompanying meetings of the EU-FIU Platform between the sessions. During the discussions of the Europe I Region, among others, the following issues were discussed: multilateral cooperation on key aspects of issues in the scope of counteracting money laundering and terrorist financing and the development of the FIU.NET information exchange network.

6.6. FINANCIAL ACTION TASK FORCE

In 2017, the GIFI continued the cooperation with the FATF by involvement in the actions promoted and arranged by the aforementioned organisation in cooperation with the MONEYVAL Committee and the European Commission including its subordinated bodies.

GIFI representatives, as members of the MONEYVAL delegation, participated in meetings of working groups and plenary FATF meetings held three times last year. This enabled the participation in the works concerning evaluation reports of FATF member states, created a possibility to issue opinions on the amendments to individual Recommendation and the FATF Methodology and allowed the GIFI to engage in projects and initiatives implemented by this organisation. GIFI representatives also participated in a number of thematic events organised by the FATF, among others, in the meeting of experts and a workshop concerning the national risk assessment, the consultative forum with the private sector and the forum of *FinTech* and *RegTech* industries.

In the previous year, the FATF focused on activities related to the implementation of the action plan and the strategy of combating terrorist financing as well as on the issues concerning the beneficial owner. The organisation also engaged in a number of new initiatives, among others, those related to the application of modern payment services and new payment methods in the financial sector, the role of intermediaries in the practice of money laundering or financial flows associated with human trafficking. The decision was also made that FATF members will hold a two-year presidency. A longer period of presidency will help to raise the effectiveness of the group in an international context. Moreover, transformation of the FATF into an international organisation was discussed, including assigning a legal personality thereto.

In 2017, the FATF continued the review process of candidates invited to future membership - Israel, Saudi Arabia and Nigeria. Moreover, it made the decision to invite Indonesia, the only G20 country so far not included in the enlargement process.

In 2017, with a support from the Ministry of Foreign Affairs, the GIFI continued the endeavours for the membership in the FATF. Mr Mateusz Morawiecki, the Deputy Prime Minister, Minister of Development and Finance at that time, resubmitted Poland's application to this group. The GIFI initiative was supported by Polish diplomatic missions which undertook actions to obtain the broadest possible support of the FATF member states for Poland as a candidate state. Due to the strong geographic accent in the current enlargement round, lack of support of all members as well as FATF involvement in the review process of candidates selected so far, no decision was made to send an invitation to membership for Poland.

6.7. THE EURASIAN GROUP ON COMBATING MONEY LAUNDERING AND FINANCING OF TERRORISM

Poland continued its works as the observer in the Eurasian Group on combating money laundering and financing of terrorism – EAG.

The permanent delegation of Poland (representatives of the GIFI and the KNF) participated in EAG plenary meetings and in meetings of working groups held in Bishkek and Moscow and in the workshop devoted to the exchange of experience in the scope of using financial sanctions and detection of foreign terrorist fighters as well as through participation in typological studies.

In 2017, the EAG continued works aimed at strengthening of its role as a regional organisation, through increasing the cooperation with international organisations from the

Eurasia region, including the Commonwealth of Independent States Anti-Terrorism Center and the International Training and Methodology Center for Financial Monitoring – ITMCFM.

The cooperation agreement was also signed with the ITMCFM, pursuant to which the EAG and the ITMCFM shall jointly undertake measures to enhance the level of compliance and effectiveness of the AML/CFT systems of the member states with the FATF standards.

The status of observer at the EAG was granted to the Central Asian Regional Information and Coordination Centre for Combating Illicit Trafficking of Narcotic Drugs, Psychotropic Substances and their Precursors.

Within the framework of increasing its share in the global AML/CFT network, the EAG engaged in joint activities with the FATF and other FATF-style regional bodies (MONEYVAL, APG, MENAFATF) as well as the United Nations Security Council Counter-Terrorism Committee and the Counter-Terrorism Committee Executive Directorate, organising joint workshops and typological studies, as well as through active participation in meetings of those groups. It also undertook works aiming at obtaining the observer status in the UN.

In 2017, the EAG completed the works (by drafting reports) on the project concerning the FTF financial profile in the EAG region and the project related to the analysis of financial flows related to the conversion of cash associated with the predicate offence and money laundering. Works on the following projects were launched or continued:

- money laundering with the use of insurance companies,
- identification of persons supporting terrorist organisations in purchasing tickets for foreign terrorist fighters,
- key features of drug trafficking schemes and income legalisation with the use of electronic tools and crypto-currency for payments (i.e. decentralised virtual currency),
- professional criminal networks participating in the money laundering practice.

EAG member states continued mutual assessments of their systems of counteracting money laundering and terrorist financing under the second evaluation round. Kirghizstan was the first country subject to evaluation. The final version of the evaluation report will be submitted for approval at the EAG plenary meeting in 2018.

The EAG also supported its member states in activities aimed at their active participation in the global network for counteracting money laundering and terrorist financing. In particular, the Group coordinated the activities in the scope of technical assistance provided to member states by observers, organised workshops and missions in order to exchange experience and prepare the states to the second evaluation round.

6.8. Counter ISIL Finance Group (CIFG)

The GIFI continued works within the Counter ISIL Finance Group (CIFG) operating as one of the task forces of the Global Coalition to Counter the Islamic State (Daesh). In 2017 the Group met twice - in Copenhagen (March) and in Washington (July).

During the meetings, trends in the financial and economic activity of the Daesh were discussed (a possibility to use virtual currency, relocating ISIL operations to other places,

among others, activities in Afghanistan and Pakistan, schemes of financing by FTF families, kidnapping for ransom, sales of stolen goods, acquiring funds resulting from construction contracts).

The Group also discussed measures used against ISIL financing: preventing the exploitation of the banking sector of the Arab states by ISIL (in particular, in Iraq), enhanced monitoring of FTF families, application of administrative mitigation measures; monitoring of crowdfunding platforms; closer cooperation with providers of payment services and raising awareness of obligated institutions.

A new initiative related to combating terrorist financing was also presented, i.e. the *Terrorist Financing Targeting Center* – an agreement signed in May this year between the USA, Saudi Arabia (leaders of the initiative) and the Gulf States, aimed at strengthening the cooperation in counteracting threats which are generated, in particular by ISIL, Al-Qaida, Hezbollah, Lashkar-e-Taiba, the Taliban and the *Haqqani* network. This cooperation will also refer to other international threats emerging in the Middle East, including those related to Iran, Assad's regime in Syria and situation in Yemen.

On the occasion of the Washington meeting, the GIFI representative participated in the meeting organised in the Polish Embassy in Washington during which, among others, possibilities of increased Poland's involvement in the Global Coalition works were discussed, consequently emphasising the role of Poland as an important participant of the coalition.

6.9. BILATERAL COOPERATION

6.9.1. MEMORANDA OF UNDERSTANDING

In 2017, the GIFI continued the analysis of needs in the scope of concluding bilateral agreements allowing for the acquisition of financial information from abroad under bilateral relationships with partner financial intelligence units. Bilateral Memoranda of Understanding in the scope of exchange of financial information related to counteracting money laundering and terrorist financing remained the core instrument of international cooperation of the GIFI. Such cooperation within the relationships with the EU Member States is also governed by the *EU Council Decision 2000/642/JHA of 17 October 2000 concerning arrangements for cooperation between financial intelligence units of the Member States in respect of exchanging information*⁷. The MoUs and the cooperation based thereon comply with the provisions of the *Warsaw Convention*.

The extent of information received and made available, particularly, the additional information, depends each time on the extent of query and compliance with the basic provisions of the national law.

As a result of the completed negotiations, in 2017 the GIFI signed the MoUs concerning the exchange of information in the field of counteracting money laundering and terrorist financing with financial intelligence units from: Bangladesh, Belarus, Iceland and New Zealand. Consequently, the number of financial intelligence units with which the GIFI

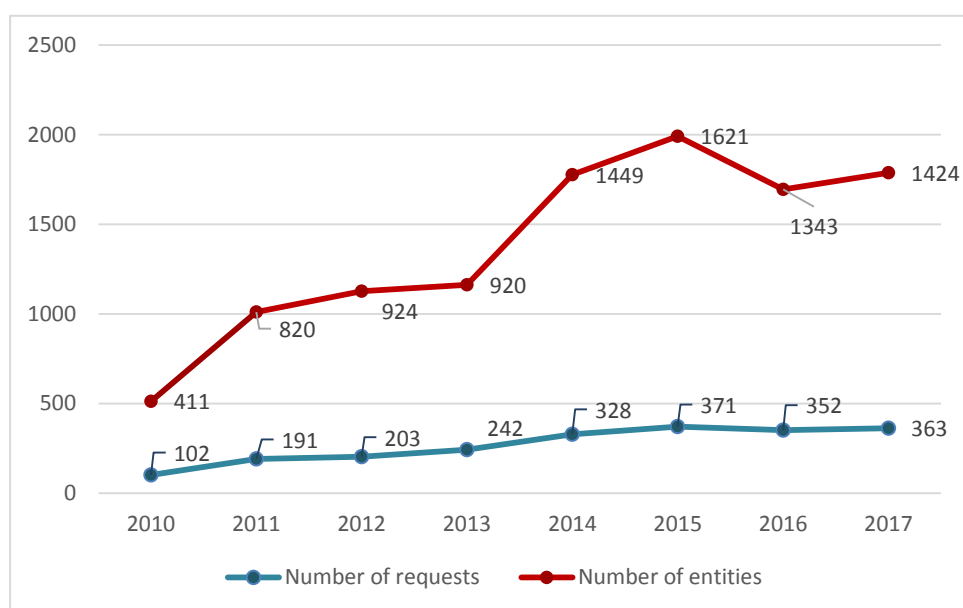
⁷ OJ L 271, 24.10.2000, p. 4).

exchanges information related to money laundering or terrorist financing under bilateral agreements, increased to 90.

6.9.2. THE EXCHANGE OF INFORMATION WITH FOREIGN FIUs

In 2017, the GIFI received 363 requests from foreign FIUs which related to 1,424 entities. Since 2015, the number of foreign requests submitted to the GIFI has remained at a similar level. The chart below shows the quantitative summary of requests received from foreign FIUs in the years 2010-2017, including the data on the number of entities.

Chart no. 20 – Number of requests from foreign FIUs in the years 2010-2017



The requests received by the GIFI may be divided into two main groups, according to the sender of a query. The first group comprises requests coming from analytical units of the European Union Member States whereas the second group - those from the non-EU Member States. The legal framework of the cooperation between the FIUs comprises:

- for the Member States - the aforementioned EU *Council Decision no. 2000/642/JHA*;
- for third countries – bilateral MoUs signed by the GIFI with its foreign counterparts. The lack of the said agreement results in the necessity to refuse providing information. In 2017, such information occurred 7 times (which referred to approx. 1.9% of all requests received).

The provisions of the *Warsaw Convention* more and more frequently provide the basis for the exchange of information alternative to MoUs.

Among all requests received in 2017, the FIUs from EU Member States sent over 76% of queries and almost 24% of requests were received from entities representing third countries.

Chart no. 21 – Specification of EU Member States from which foreign FIUs sent the largest number of queries in 2017

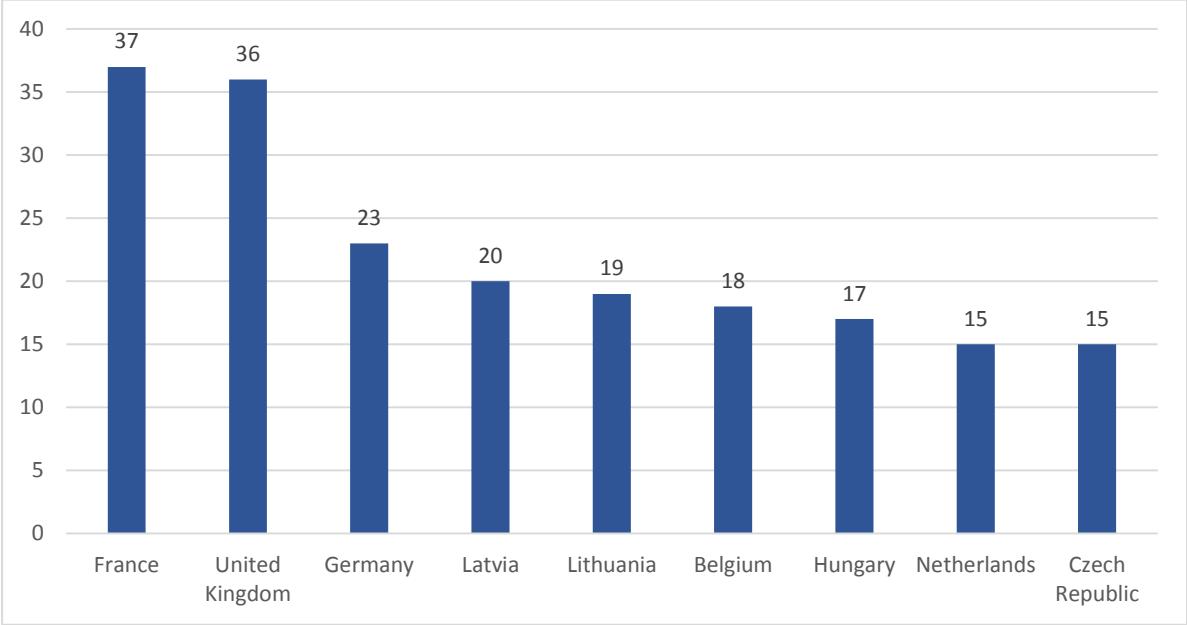
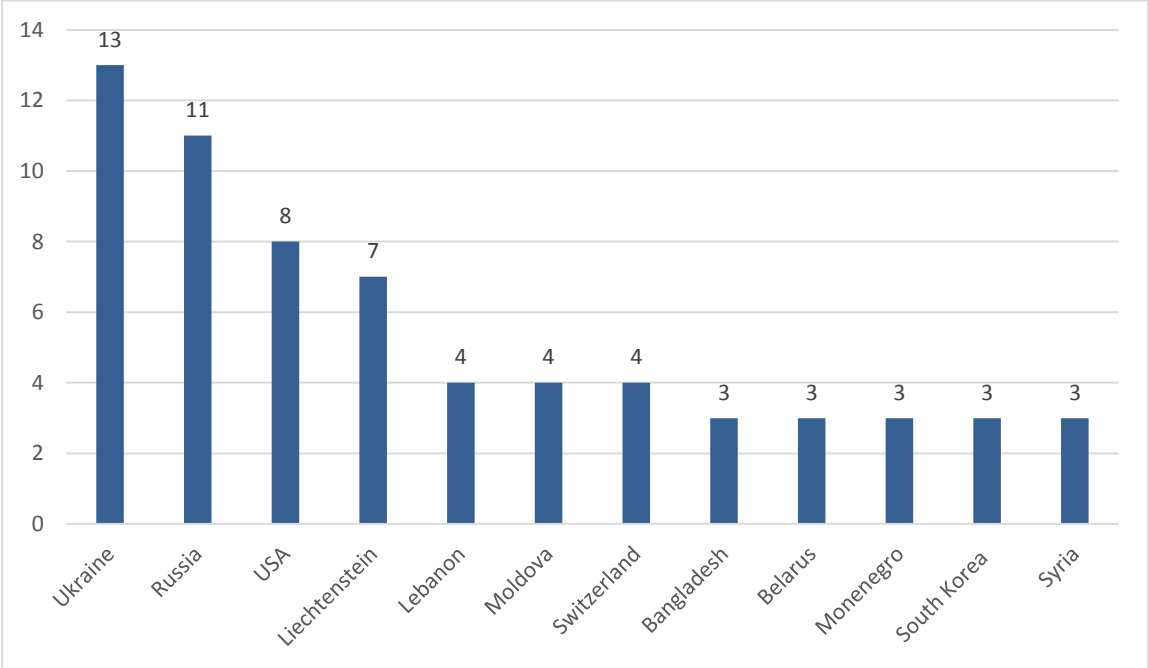


Chart no. 22 – Specification of non-EU Member States from which foreign FIUs sent the largest number of queries in 2017



In 2017, the GIFI received the major part of foreign requests for information from the FIU in France (37 in total). A little less queries (36) were sent from the FIU in the United Kingdom. The subsequent units indicated above submitted a similar number of queries, sending from 15 to 23 requests. Among non-EU countries, the FIUs from Ukraine and Russia were most active

(13 and 11 requests, respectively). In 2017, the GIFI also cooperated with units from such countries as: Lebanon, Switzerland, Bangladesh, South Korea, Israel, Saudi Arabia, the Philippines and Paraguay.

In addition to the requests, the foreign FIUs also submit so-called ad hoc information to the GIFI⁸ concerning Polish entities, or asset values transferred to/from the territory of Poland. The sources of this type of information include:

- suspicious transactions reported to a given unit,
- information provided by foreign law enforcement agencies
- results of analyses prepared by foreign FIUs indicating the potential link of transactions described with money laundering of terrorist financing.

In 2017, the GIFI received 632 pieces of information of this type, compared to 461 in the previous year, which represented over 37% growth, mainly due to increasing quantities of data provided by the Luxembourg FIU. Ad hoc information referred to 1,510 entities. The largest amount of information was provided by entities from the following countries:

- Luxembourg - 438,
- Slovakia - 51,
- Czech Republic - 39,
- Hungary - 26.

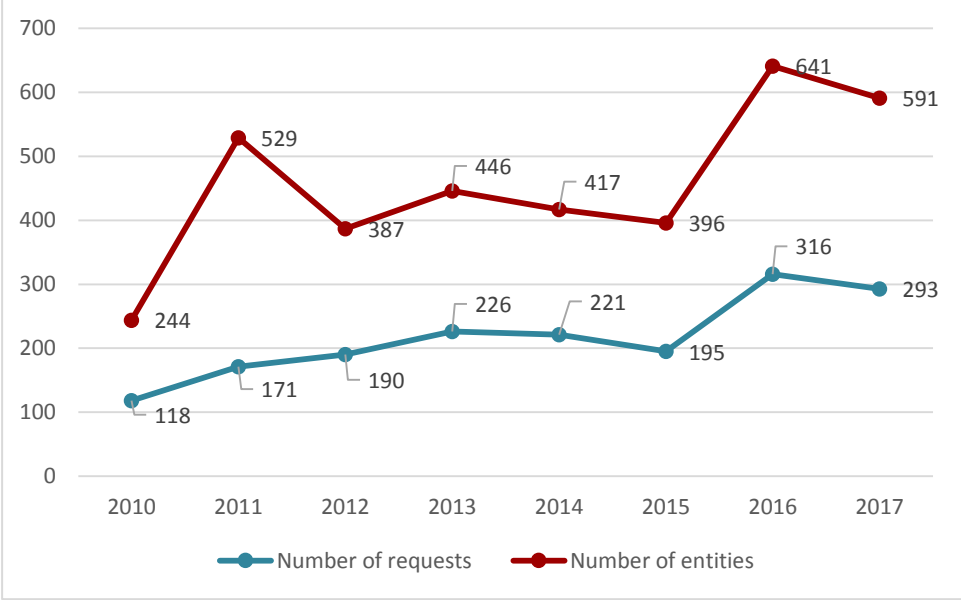
Information received from the Czech and Slovak FIUs was mainly related to financial flow of funds probably originating from malpractice associated with the value added tax.

Reports represent a special type of ad hoc information. Reports of the Luxembourg unit amounting to 410, were related to suspicions of various offences and associated financial flows on accounts operated by the “PayPal” company and using the accounts opened in the “Amazon” or “eBay” transaction service. In the latter case, the flow of funds was associated with illegal activity consisting in online sale of counterfeit clothing, cosmetic products or sale of pharmaceutical products prohibited on the territory of UE Member States. In 2017, the FIU from the United States submitted 9 reports indicating a potential relationship of transactions described - mainly cash transfers processed via Western Union - with terrorist financing.

In 2017 the GIFI conducted 196 analytical proceedings under which it requested foreign FIUs to submit information. In the scope of those requests the GIFI submitted the total of 293 requests for information concerning 591 entities. The number of requests was lower by approx. 7% than in the previous year.

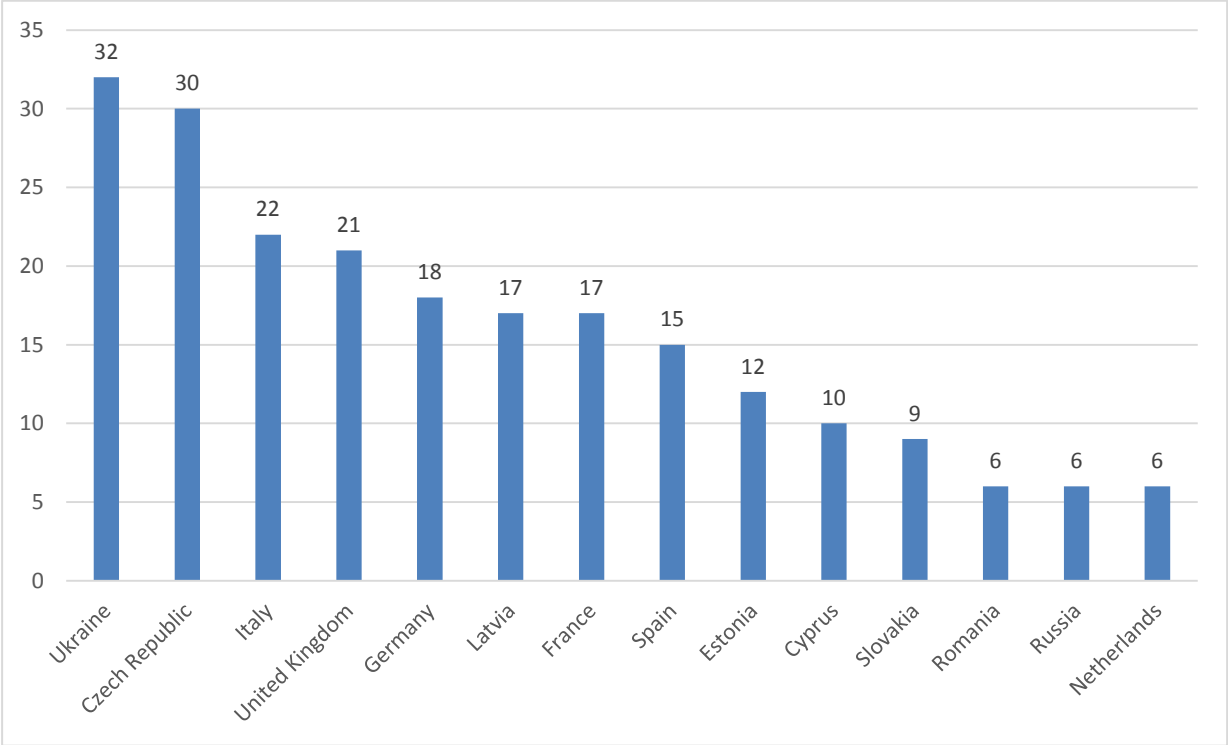
⁸ Information provided on foreign FIU’s own initiative. The entity which receives such information is not required to respond.

Chart no. 23 – Number of requests submitted to foreign FIUs in the years 2010-2017



In connection with pending analytical cases, the GIFI most commonly cooperated with the FIUs from Ukraine, the Czech Republic, Italy and the United Kingdom. The GIFI sent over 20 requests to each of the units from those countries.

Chart no. 24 – Specification of foreign FIUs where the GIFI addressed the highest number of requests in 2017



The largest quantity of information was acquired from the FIUs located in the European Union Member States, where the GIFI addressed over 74% of all requests, i.e. by 4 percentage points more than in the previous year. The GIFI acquires information on transactions and entities from its counterparts in the non-EU countries under bilateral agreements. Besides Ukraine, in 2017 the GIFI availed itself of such a possibility applying to the FIUs representing, inter alia, such countries and territories as: Belarus, British Virgin Islands, China, Egypt, Georgia, Hong Kong, Israel, Lebanon, Moldova, New Zealand, Serbia, Turkey, the USA or the United Arab Emirates.

Information received from foreign partners is primarily used to verify whether the entities involved in transactions, deemed suspicious by the obligated institutions and cooperating units, are known to the foreign unit in connection with suspected money laundering, terrorist financing or participating in other criminal activity. In addition, the GIFI receives data and information on financial flows, which allows for the determination of the source of money transferred to Poland or the further path of money flows. The information acquired serves as an additional prerequisite assisting in making decisions concerning submitting notifications on the suspicion of committing an offence and sometimes also with regard to the blockade of accounts. On the consent of the foreign units responding to the requests, the received information may be provided in notifications submitted to prosecutor's offices or to other law enforcement agencies.

6.10. OTHER ISSUES

6.10.1. ASSISTANCE PROJECT FOR THE FIU IN UKRAINE

In 2017, the GIFI participated again in the implementation of the *Plan of Developmental Cooperation 2017*, preparing technical assistance under the project on *Strengthening the Ukrainian System for Combating Money Laundering and Terrorist Financing for the FIU in Ukraine*. The assistance funded from the earmarked reserve for the Implementation of the Polish Programme of Cooperation for Development consisted in the organisation of study visits for Ukrainian officials in Poland and workshops conducted by representatives of the Polish FIU in Ukraine.

The first workshop with the participation of experts from the Polish financial intelligence unit in Ukraine was held on 16-19 October 2017 and focused among others on: legal solutions in the scope of counteracting money laundering and terrorist financing in terms of ensuring the compliance with international standards and control of obligated institutions reporting transactions potentially linked with money laundering and terrorist financing.

The next workshop was held on 13-16 November 2017, focusing on the analysis of suspicious transactions and the instrumentalities used, issues related to the cooperation between financial intelligence units (among others, the exchange of information, including through the network of information exchange between the European FIUs - FIU.NET) and the exchange of information between national institutions responsible for counteracting money laundering and terrorist financing.

On the other hand, on 6-10 November 2017, the study visit of the Ukrainian financial intelligence unit to Poland took place. It was organised by the GIFI in cooperation with

representatives of, among others, the National Revenue Administration, the National Bank of Poland, the Polish Financial Supervision Authority and the Central Anti-Corruption Bureau. The lecturers presented details of functioning of the Polish anti-money laundering and counter-terrorism financing system to representatives of the Ukrainian administration, in a comprehensive way, taking into accounts roles and tasks of various institutions participating in this system.

Owing to the next edition of the programme on *Strengthening the Ukrainian System for Combating Money Laundering and Terrorist Financing*, it was possible to present good practices and solutions used in the Polish anti-money laundering and counter-terrorism financing system, including the roles and responsibilities of the Polish financial intelligence unit (collection, use and exchange of information, control of obligated institutions, international cooperation). The role of entities other than FIU in the Polish anti-money laundering and counter-terrorism financing system was also presented, using the example of the Polish Financial Supervision Authority, the Central Anti-Corruption Bureau, the Department of Asset Recovery of the Criminal Bureau of the National Police Headquarters, and other institutions. These activities contribute to the increase in competence of the Ukrainian administration employees in the scope analysis of suspicious transactions and control of obligated institutions as well as closer cooperation between the Polish and the Ukrainian unit.

6.10.2. GIFI STUDY VISIT TO ISRAEL

On 15-16 November 2017, the GIFI, together with the representatives of the Financial Information Department, took part in the study visit to the Financial Intelligence Unit of Israel (IMPA – Israeli Money Laundering and Terrorist Financing Prohibition Authority). The objective of the meeting was to use the rich experience of the Israeli unit in the scope of counteracting money laundering and terrorist financing. The GIFI is interested in looking at experience of other units in the scope of using the latest technology for the implementation of its tasks, responding to new financial products and cooperation with other entities of the national system to counteract the crime under discussion.

In the environment of units dedicated to combating money laundering and terrorist financing IMPA is perceived as a modern unit, effective and innovative, following the latest trends in the area of financial products, IT solutions and inter-institutional cooperation. The meeting also provided the opportunity to exchange best practice as well as strengthen the cooperation between both units.

6.10.3. REGIONAL WORKSHOP OF FIUs FROM CENTRAL AND EASTERN EUROPE

On 10-11 May 2017, the GIFI organised a regional workshop of partner financial intelligence units with participation of heads and experts of FIUs from Poland, the Czech Republic, Slovakia and Hungary.

The two-day meeting served as the exchange of experience in the scope of creating central registers of accounts and exchange of information between the FIUs (including the application of the *Ma³tch* functionality in the FIU.NET network and cross-border exchange of

STRs). The effectiveness of legal solutions used in combating fiscal crime was also discussed (including, in particular fraud related to claiming VAT by deception) and the scope of using financial intelligence units in this struggle.

6.10.4. VISIT OF THE GERMAN FIU DELEGATION

On 6 October 2017 the GIFI hosted representatives of the German financial intelligence unit. The aim of the meeting was to introduce the functioning of the Polish money laundering and terrorist financing counteracting system to representatives of the German unit. On the other hand, the German delegation presented the new structure and tasks of its unit (the German unit was relocated from the police structures to the Ministry of Finance).

6.10.5. CONFERENCE OF HUNGARIAN CUSTOMS AND REVENUE ADMINISTRATION

On 23 November 2017, the GIFI representative participated as a lecturer in the conference of the Hungarian customs and revenue administration concerning innovation, digitisation and knowledge management in administration. The GIFI representative, jointly with the head of the Hungarian and German financial intelligence unit participated in the panel devoted to the cooperation of financial intelligence units with customs and revenue authorities. In addition, the meeting provided the opportunity to hold tripartite talks concerning the cooperation of the said units and new challenges - the implementation of the provisions of Directive 2015/849 in the scope of information exchange.

6.10.6. FATF ICRG WORKING GROUP FOR IRANIAN ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING SYSTEM.

In 2017, the GIFI participated in the activities of the working group in the framework of the *FATF International Cooperation Review Group (ICRG)*, monitoring changes in the AML/CFT system of Iran in terms of the *Action plan* adopted for implementation in 2016 in order to approximate the Iranian AML/CFT system to the FATF standards. The adoption of the *Action plan* was accompanied by Iran's commitment to deal with strategic failures in the scope of AML/CFT and the decision on technical assistance activities for Iran. The consequence of those declarations was the change of the content of the public FATF statement concerning Iran and the suspension of remedial measures application until the full implementation of the Action plan assumptions.

In November 2017, taking into account the progress in the implementation of the Action plan, the FATF decided to continue the suspension of counter measures against Iran.

7. APPLICATION OF SPECIFIC RESTRICTIVE MEASURES



The GIFI analysed and prepared opinions concerning the materials examined during meetings of the Working Party of Foreign Relations Counsellors (RELEX). The GIFI analyses focused on documents related to counteracting terrorist financing through the application of specific restrictive measures of financial nature and draft legal instruments providing for the introduction of new, extension of existing, modification or repealing of binding specific restrictive measures with regard to persons, groups or entities in connection with the situation in Belarus and Ukraine as well as Libya, the Republic of Burundi, Guinea and the Democratic People's Republic of Korea, to the extent the drafted solutions related to fund freezing, prohibition of making funds available and other restrictions of financial nature.

Moreover, the GIFI prepared the input to the FATF manual containing information on how competent authorities of individual states should request other countries to apply financial sanctions in compliance with Resolution 1373 of the United Nations Security Council.

8. NATIONAL RISK ASSESSMENT OF MONEY LAUNDERING AND TERRORIST FINANCING

In 2017, the draft of the *Act on Counteracting Money Laundering and Terrorist Financing* was submitted for external consultation. It contains, among others, the chapter on “*Assessment of money laundering and terrorist financing risk and the strategy*” (later replaced by “*National risk assessment of money laundering and terrorist financing and risk assessment of obligated institutions*”). The chapter contains the provisions describing the principles of preparing the national risk assessment of money laundering and terrorist financing (hereinafter referred to as the national risk assessment) in cooperation with cooperating units and obligated institutions as well as the anti-money laundering and counter-terrorism financing strategy containing the action plan aimed at mitigation of risk associated with money laundering and terrorist financing. Within the preparation of the national risk assessment and the aforementioned strategy, a significant role has been assigned to the new body - the Financial Security Committee to operate at the GIFI and fulfil the opinion-making and advisory function in the scope of counteracting money laundering and terrorist financing.

Without waiting for the adoption of the aforementioned Act, the GIFI continued its works related to the development of the national risk assessment. In particular, while working on the assessment of so-called “residual risk”⁹, in the framework of the task force established at the Inter-ministerial Financial Security Committee, the list of *modi operandi* was prepared and consulted, including the preliminary assignment of threat and vulnerability levels. Moreover, questionnaires containing questions addressed to cooperating units and obligated institutions were developed and distributed in order to collect additional information. The scope of the aforementioned questionnaires was also consulted with members of the aforementioned task force.

During the study visit to the Financial Intelligence Unit of Israel (IMPA) in November 2017, the GIFI and the representatives of the Financial Information Department were informed of the Israeli experience in the scope of preparing the national risk assessment of money laundering and terrorist financing. The non-confidential part of the Israeli money laundering risk assessment was published in 2017 on the IMPA website (among others, in English under the heading: “The Main Findings of the Money Laundering National Risk Assessment”). On the same website, the additional report on money laundering risk assessment in the scope of

⁹ The assessment of the “residual risk” will be based on the *modi operandi* list containing concise descriptions of money laundering and terrorist financing methods, compiled on the basis of both national and international experience.

financial sector was posted (among others, in English under the heading: „The Findings of the ML National Risk Assessment: The Financial System”).

The representatives of IMPA indicated, in particular, the following issues as suggestions for Poland:

- the need of full involvement of cooperating units in the preparation of the national risk assessment,
- the cooperation with representatives of obligated institutions while preparing it,
- the implementation of findings of the national risk assessment as soon as possible, particularly in the scope of detected weaknesses of the national anti-money laundering and counter-terrorism financing system.

In June 2016, the European Commission published the supra-national risk assessment of money laundering and terrorist financing entitled: “Report from the Commission to the European Parliament and the Council on the assessment of the risks of money laundering and terrorist financing affecting the internal market and relating to cross-border activities”¹⁰ (hereinafter referred to as the supra-national risk assessment).

The following areas were indicated as the main areas where high risk of money laundering and terrorist financing occurs:

- private banking and services in the scope of investment (mainly through brokers),
- hiring of safe deposit boxes,
- electronic money,
- money value transfer,
- crowdfunding platforms,
- virtual currencies,
- consumer's credit and low value loans.

However, it has been stressed that the supra-national risk assessment focuses on vulnerabilities identified at EU level, both in terms of legal framework and in terms of effective application. It does not prejudge the mitigating measures that some Member States are applying or may decide to apply in response to their own national ML/CFT risks. They may therefore be implementing some of the recommendations below already, or have adopted stricter rules than the minimum rules defined at EU level.¹¹

¹⁰ Its text is available at: http://ec.europa.eu/newsroom/just/item-detail.cfm?item_id=81272.

Report from the Commission to the European Parliament and the Council on the assessment of the risks of money laundering and terrorist financing affecting the internal market and relating to cross-border activities, Brussels,¹¹ 26.6.2017, p.3.

9. LEGAL ACTIVITY

9.1. LEGISLATIVE WORKS

In 2017, the Financial Information Department implementing the tasks of the GIFI carried out legislative works concerning drafts of two acts of law, i.e. the draft *Act on the Central Base of Accounts* (CBR) and the draft of the new *Act on Counteracting Money Laundering and Terrorist Financing*.

The objective of the draft *Act on the Central Base of Accounts* is to collect information concerning accounts in a single centralised database, owing to which localising of asset values originating from crime will be facilitated and bailiffs and enforcement bodies will be able to receive fast and full information on potential places of asset storage by debtors. Information on accounts collected in the base will be used by bodies strictly defined in the Act, in connection with statutory tasks they implement.

In December 2016 the draft of the aforementioned Act was released for inter-ministerial consultations and opinion. In the first quarter of 2017, intensive works on the aforementioned draft Act were continued, including the analysis of comments submitted under the inter-ministerial consultations and the development of the new version of the draft Act which incorporated the major part of comments submitted at this stage. Due to intensification of work on the draft of the new *Act on Counteracting Money Laundering and Terrorist Financing* commenced in the third quarter of 2016 and the approaching deadline for the implementation of *Directive of the European Parliament and of the Council (EU) no. 2015/849 of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC* by Poland, the legislative works related to the draft CBR Act were temporarily suspended.

Until the end of 2017, works on the draft of the new *Act on Counteracting Money Laundering and Terrorist Financing* were continued under the governmental legislative process. In the framework of this process, the draft Act was reviewed, successively, by the Joint Central Government and Local Government Committee, the Committee for European Affairs, the Council of Ministers for Digitalization, the Standing Committee of the Council of Ministers and the legal commission. It was planned that the aforementioned draft Act would be submitted for review to the Council of Ministers during the first days of the new year, to be followed by submission of the draft Act to the Sejm of the Republic of Poland.

The legal activity of the Financial Information Department in 2017 also involved participation in legislative works related to other draft Acts of Law with the scope affecting the functioning of the financial intelligence authority. Among the most important instruments, the draft *Act on processing data related to passenger's flight* should be mentioned. The importance of participation in the works adjusting the Ministry of Finance, including the GIFI, to the implementation of the provisions of *Regulation of the European Parliament and of the Council (EU) 2016/679 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* should be also recognised.

9.2 ISSUING POSITIONS IN THE SCOPE OF APPLICATION OF LEGAL REGULATIONS

In the framework of implementation of its current tasks, the Department of Financial Institutions, on behalf of the GIFI issued written interpretations concerning the provisions of the *Act on Counteracting Money Laundering and Terrorist Financing* for the obligated institutions, including banks, credit unions (SKOK), economic operators accepting cash as a payment for goods in the amount equal to or exceeding EUR 15,000, entities providing payment services, investment fund management companies, civil law notaries. The number of interpretations issued remained at a level comparable to previous years.

In addition, the obligated institutions were provided with explanations and interpretations in the scope of application of the provisions of the aforementioned *Act* also in the telephone information form.

.....
General Inspector of Financial Information