

REPORT
of the General Inspector of Financial Information
on the implementation of the provisions of the *Act of 1*
March 2018
on counteracting money laundering and financing of
terrorism
in 2022

Warsaw, March 2023

TABLE OF CONTENTS

| | |
|---|----|
| 1. INTRODUCTION | 7 |
| 2. KEY INFORMATION ON THE NATIONAL SYSTEM FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM | 8 |
| 2.1. NATIONAL SYSTEM FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM | 8 |
| 2.2. INFORMATION ON CATEGORIES OF OBLIGATED INSTITUTIONS | 15 |
| 2.2.1. ENTITIES OPERATING IN THE FINANCIAL MARKET | 15 |
| 2.2.2. OTHER CATEGORIES OF OBLIGATED INSTITUTIONS | 28 |
| 3. INFORMATION ON DATA SUBMITTED TO THE GIF | 38 |
| 3.1. INFORMATION ON SUSPICIOUS TRANSACTIONS | 38 |
| 3.2. INFORMATION ON ABOVE THRESHOLD TRANSACTIONS | 43 |
| 4. ANALYSES | 47 |
| 4.1. COUNTERACTING MONEY LAUNDERING | 47 |
| 4.1.1. ANALYTICAL PROCEEDINGS AND THEIR EFFECTS | 47 |
| 4.1.2. EXAMPLES OF ANALYSIS DIRECTIONS (INCLUDING SANITISED CASES) | 53 |
| 4.2. COUNTERACTING FINANCING OF TERRORISM | 60 |
| 5. CONTROLS | 62 |
| 5.1. INFORMATION FROM WHISTLEBLOWERS | 62 |
| 5.2. CONTROLS PERFORMED BY THE GIF | 62 |
| 5.3. CONTROLS CARRIED OUT BY THE SUPERVISORY INSTITUTIONS | 65 |
| 5.4. ADMINISTRATIVE PROCEEDINGS REGARDING IMPOSITION OF ADMINISTRATIVE SANCTIONS | 65 |
| 6. NATIONAL COOPERATION | 66 |
| 6.1. EXCHANGE OF INFORMATION WITH DOMESTIC ENTITIES | 66 |
| 6.1.1. COOPERATION WITH ORGANISATIONAL UNITS OF THE PROSECUTOR'S OFFICE AND COURTS | 67 |
| 6.1.2. COOPERATION WITH THE NATIONAL REVENUE ADMINISTRATION BODIES | 69 |
| 6.1.3. COOPERATION WITH BODIES SUBORDINATED TO THE MINISTER OF THE INTERIOR | 70 |
| 6.1.4. COOPERATION WITH STATE SECURITY SERVICES | 70 |
| 6.1.5. COOPERATION WITH THE CENTRAL ANTI-CORRUPTION BUREAU | 70 |
| 6.1.6. COOPERATION WITH OTHER AUTHORITIES | 71 |
| 6.1.7. COOPERATION WITH THE NATIONAL CENTRE FOR CRIMINAL INFORMATION | 71 |
| 6.2. FEEDBACK | 72 |
| 6.2.1. NATIONAL REVENUE ADMINISTRATION BODIES | 72 |
| 6.2.2. THE POLICE | 74 |
| 6.2.3. OTHER AUTHORITIES | 76 |
| 6.3. DATA CONCERNING CRIMINAL PROCEEDINGS | 78 |
| 6.4. TRAINING ACTIVITY | 79 |
| 7. INTERNATIONAL COOPERATION | 81 |

| | |
|--|------------|
| 7.1. COOPERATION WITH THE EUROPEAN COMMISSION | 81 |
| <i>7.1.1. EXPERT GROUP ON MONEY LAUNDERING AND TERRORIST FINANCING</i> | <i>82</i> |
| <i>7.1.2. EU-FIU PLATFORM</i> | <i>83</i> |
| 7.2. COOPERATION WITH THE COUNCIL OF THE EU | 85 |
| 7.3 REVIEW OF THE EBA SUPERVISORY AML/CFT PRACTICES | 85 |
| 7.4. EGMONT GROUP | 86 |
| 7.5. FINANCIAL ACTION TASK FORCE (FATF) | 87 |
| 7.6 . MONEYVAL COMMITTEE | 89 |
| 7.7. CONFERENCE OF THE PARTIES TO THE WARSAW CONVENTION | 92 |
| 7.8. EURASIAN GROUP ON COMBATING MONEY LAUNDERING (EAG) | 93 |
| 7.9. COUNTER ISIS FINANCE GROUP | 94 |
| 7.10. BILLATERAL COOPERATION | 95 |
| <i>7.10.1 EXCHANGE OF INFORMATION WITH FOREIGN FINANCIAL INTELLIGENCE UNITS</i> | <i>95</i> |
| <i>7.10.2. BASICS OF INFORMATION EXCHANGE WITH FOREIGN FIUS</i> | <i>101</i> |
| 7.11. OTHER INTERNATIONAL INITIATIVES | 102 |
| <i>7.11.1 TWINNING PROJECT FOR MOLDOVA</i> | <i>102</i> |
| <i>7.11.2. REGIONAL WORKSHOPS OF FIUS FROM CENTRAL EUROPE</i> | <i>102</i> |
| 7.11.3 STRENGTHENING THE RISK ASSESSMENT MECHANISMS AND THE AML/CFT STRATEGIC ANALYSIS FUNCTION OF THE POLISH FINANCIAL INTELLIGENCE UNIT | 102 |
| <i>7.11.4 ROUNDTABLE ON MODERN SLAVERY</i> | <i>103</i> |
| 7.11.5 EVALUATION OF THE IMPLEMENTATION AND ENFORCEMENT OF THE PROVISIONS OF THE CONVENTION ON COMBATING BRIBERY OF FOREIGN PUBLIC OFFICIALS IN INTERNATIONAL BUSINESS TRANSACTIONS | 104 |
| <i>7.11.6 ACTIVITIES AS PART OF THE TAIEX PROGRAMME</i> | <i>104</i> |
| 7.11.7 PARTICIPATION IN THE “COLLABORATION, RESEARCH & ANALYSIS AGAINST THE FINANCING OF TERRORISM” PROJECT | 104 |
| 7.12 INTERNATIONAL COOPERATION IN THE AREA OF AML/CFT SUPERVISION AND CONTROL | 105 |
| <i>7.12.1 COOPERATION WITH THE EUROPEAN BANKING AUTHORITY (EBA)</i> | <i>105</i> |
| <i>7.12.2 COOPERATION WITH COMPETENT SUPERVISORY AUTHORITIES IN PARTICULAR COUNTRIES</i> | <i>107</i> |
| 8. APPLICATION OF SPECIFIC RESTRICTIVE MEASURES | 108 |
| 9. FINANCIAL SECURITY COMMITTEE | 110 |
| 10. WORK ON UPDATING THE NATIONAL RISK ASSESSMENT AND ON THE IMPLEMENTATION OF THE STRATEGY FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM | 111 |
| 11. LEGISLATIVE ACTIVITY | 113 |

Abbreviations and acronyms:

| | |
|------------------------|---|
| ABW | Internal Security Agency |
| AML/CFT | anti-money laundering and counter-terrorism financing |
| OPS | Office of Payment Services |
| CAT | ABW Anti-Terrorist Centre |
| CBA | Central Anti-Corruption Bureau |
| CBŚP | Central Investigation Bureau of the Police |
| CIFG | Counter-ISIL Finance Group |
| COP | Conference of the Parties to the CETS 198, i.e. the Conference of the States Parties to the Warsaw Convention (the body established under Article 48 of the Council of Europe Convention of 16 May 2005 on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism, that stipulates the creation of a monitoring mechanism to ensure the application of its provisions) |
| Journal of Laws | Journal of Laws of the Republic of Poland |
| OJ | Official Journal of the European Union (OJ of the EU) |
| EAG | The Eurasian Group on Combating Money Laundering and Financing of Terrorism (organization established in 2004 as a FATF-style regional body and a FATF associate member) |
| EBA | European Banking Authority |
| EGMLTF | Expert Group on Money Laundering and Terrorist Financing, operating at the European Commission |
| EIOPA | European Insurance and Occupational Pensions Authority |
| ESMA | European Securities and Markets Authority |
| FATF | Financial Action Task Force, established in 1989 during the G-7 Summit in Paris, dealing with the analysis and assessment of threats related to money laundering and financing of terrorism, in particular in the context of 40 recommendations it has issued, defining the international standards concerning the counteracting of money laundering and financing of terrorism and their proliferation |
| FTF | Foreign Terrorist Fighters |
| GIFI | General Inspector of Financial Information |

| | |
|------------------|---|
| GPW S.A. | Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) |
| GUS | Statistics Poland |
| IAS | Revenue Administration Regional Office |
| OI | obligated institution referred to in Article 2(1) of the Act of 1 March 2018 on Counteracting Money Laundering and Financing of Terrorism (Journal of Laws of 2022, item 593, as amended) |
| ISIS | Islamic State of Iraq and Sham |
| FIU | Financial Intelligence Unit (in accordance with FATF Recommendation No. 29, the financial intelligence unit means “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 financing of terrorism, and for the dissemination of the results of the analysis”, that “should be able to obtain additional information from obligated institutions and should have access to timely financial, administrative and criminal information that it requires to perform its functions properly”) |
| CU | cooperating unit referred to in Article 2(2)(8) of the Act of 1 March 2018 on Counteracting Money Laundering and Financing of Terrorism (Journal of Laws of 2022, item 593, as amended) |
| KAS | National Revenue Administration |
| KCIK | National Centre of Criminal Information |
| KDPW S.A. | National Depository of Securities (Krajowy Depozyt Papierów S.A.) |
| EC | European Commission |
| KGP | Police Headquarters |
| NPI | National Payment Institution |
| KNF | Polish Financial Supervision Authority |
| UKNF | Office of the Polish Financial Supervision Authority |
| ML/TF | money laundering / terrorism financing |
| SPI | Small Payment Institution |
| MONEYVAL | also referred to as MONEYVAL committee, i.e. the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (the body of the Council of Europe established in 1997 for the monitoring and assessment of the compliance of the MONEYVAL member states with basic international AML/CFT rules, as well as of the effectiveness of their implementation, being a FATF-style regional body and a FATF associate member) |
| ITTT | Inter-ministerial Team for Terrorist Threats (established by Ordinance No 162 of the Prime Minister of 25 October 2006 as an auxiliary body of the Council of Ministers to ensure the interoperability of the governmental administration in detecting, preventing and counteracting terrorism) |
| NBP | National Bank of Poland |

| | |
|----------------|--|
| OSCE | Organization for Security and Co-operation in Europe |
| PKD | Polish Classification of Activities |
| AML/CFT | anti-money laundering/countering the financing of terrorism |
| RP | Republic of Poland |
| SAR | Suspicious Activity Report |
| SG | Border Guard |
| SKOK | Cooperative Savings and Credit Union |
| SKW | Military Counter-intelligence Service |
| SNRA | Supranational Risk Assessment (relates to the area of money laundering and financing of terrorism) |
| STR | Suspicious Transaction Report |
| EU | European Union |

1. INTRODUCTION

In 2022, the General Inspector of Financial Information (GIFI) carried out legislative work aimed at further increasing the effectiveness of the national system for counteracting money laundering and financing of terrorism. As a result of this work, in December 2022, the *Act of 1 December 2022 on the Financial Information System* (Journal of Laws of 2023, item 180) was passed, implementing the EU provisions, in particular as regards the creation of a centralised automated mechanism enabling timely identification of any natural or legal person that holds or controls payment accounts and bank accounts, as well as safe deposit boxes at a credit institution in the territory of the country. So far, there has been no uniform solution enabling quick and easy access to complete and reliable information on the location of cash and other liquid assets that may be related to crime. This is extremely important, especially in terms of the speed with which assets are transferred in the modern world, in order to separate them from the criminal source, including between financial institutions located in different jurisdictions.

Although last year, there was a decrease in the number of main notifications submitted by the GIFI to prosecutor's offices in connection with the suspicion of money laundering by approx. 37.2% compared to 2021, the number of notifications to cooperating units increased significantly, by approx. 37.3%, compared to 2021. These changes can be – at least partially – related to an amendment to the provisions of the *Act of 1 March 2018 on counteracting money laundering and financing of terrorism* (Journal of Laws of 2022, item 593, as amended), hereinafter referred to as the *AML/CFT Act*. On 16 April 2022, the amendment to Article 106 of the *AML/CFT Act* entered into force. By the *Act of 13 April 2022 on special solutions for counteracting the support of aggression against Ukraine and for the protection of national security* (Journal of Laws of 2022, item 835), paragraph 1a was introduced to the aforementioned article to enable the GIFI to provide *ex officio* information directly to law enforcement agencies and the National Revenue Administration bodies to enable them to take action provided for in their statutory tasks. This provision has improved the exchange of information between the GIFI, on the one hand, and law enforcement agencies and the National Revenue Administration bodies, on the other hand, enabling the GIFI to provide on its own initiative information on circumstances that may indicate a connection with money laundering or financing of terrorism, or other crimes that require investigation by law enforcement agencies in accordance with their competence and powers.

2022 was also a period of intense international cooperation. Besides the implementation of activities as part of tasks of the financial intelligence unit, related to cooperation at the general level, resulting from participation in various international bodies and forums, and the exchange of operational information with foreign partners, cooperation with the European Banking Authority (EBA) was continued, by exchanging information and participating in the work of the Standing Committee on anti-money laundering and countering terrorist financing (AMLSC).

It is also worth noting that in 2022, a representative of the Ministry of Finance was elected the Deputy Chairperson of the Egmont Group.

2. KEY INFORMATION ON THE NATIONAL SYSTEM FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM

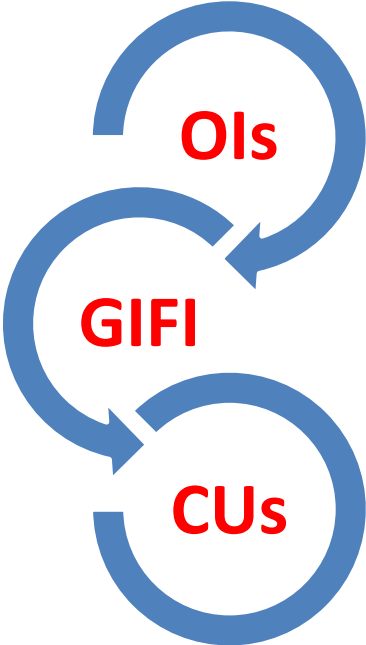
2.1. NATIONAL SYSTEM FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM

The Polish system for counteracting money laundering and financing of terrorism (hereinafter referred to as “AML/CFT system”) is based on the provisions of both national law and the law of the European Union (EU). The principles and procedures regulating the operation of this system are governed primarily by the *AML/CFT Act* that specifies measures aimed directly at counteracting money laundering and financing of terrorism as well as the powers of cooperating bodies and units, characterizes obligated institutions, and regulates their obligations under the AML/CFT system.

The Polish system for counteracting money laundering and financing of terrorism involves:

- GIFI;
- obligated institutions (OI);
- cooperating units (CU).

Figure 1 – Structure of the Polish AML/CFT system



Obligated institutions as well as the GIFI and its cooperating units interact with each other.

On the one hand, activities carried out by obligated institutions directly affect the activities initiated by the GIFI, that, in turn, affect the operation of the cooperating units (in particular law enforcement agencies or supervisory authorities). On the other hand, the effectiveness of the work of the cooperating units affects activities undertaken by the GIFI, which in turn is reflected in the scope of activities carried out by the obligated institutions. Overall, the Polish system for counteracting money laundering and financing of terrorism may be described as a system of inter-connected vessels, in which the quality of the operation of each element is important for the operation of the other elements and the entire system.

Pursuant to the *AML/CFT Act*, the minister competent for public finance (as the supreme financial information authority) and the GIFI are the government administration bodies competent for counteracting money laundering and financing of terrorism.

Given the scope and nature of the tasks implemented by the GIFI, it has – as the central element of the system – relatively the greatest impact on the operation of the entire system. It should be noted, however, that the stage of the development of this system, i.e. the legislative process related to the proper implementation of regulations provided for in the relevant directives, also has a significant impact on its operation. The GIFI performs its tasks with the support of the Financial Information Department in the Ministry of Finance.

Since 2017, employment in this department has been systematically increasing. Human resources allocated to the implementation of tasks related to counteracting money laundering and financing of terrorism increased from 65 FTEs in 2017 to 97 in 2022. The challenge is to ensure adequate office facilities for all employees. The General Inspector of Financial Information – as a body – does not have its own budget. In this regard, it relies on the resources of the Ministry of Finance.

The GIFI is appointed and dismissed by the Prime Minister at the request of the minister competent for public finance, following consultation with the minister – member of the Council of Ministers competent for the coordination of the operation of secret intelligence services, if appointed by the Prime Minister. The GIFI may be a Secretary or Undersecretary of State in the office supporting the minister competent for public finance. The range of activities of a secretary or undersecretary of state stipulated in Article 37(2) of the *Act of 8 August 1996 on the Council of Ministers* (Journal of Laws of 2022, item 1188, as amended) does not cover the tasks of the General Inspector of Financial Information performed pursuant to the provisions on counteracting money laundering and financing of terrorism.

The GIFI's tasks include taking action to counteract money laundering and financing of terrorism, in particular:

- analysing information related to assets suspected by the GIFI of being associated with money laundering or financing of terrorism;
- suspending transactions or blocking banks accounts;
- requesting submission of information on transactions and disclosure thereof;
- submission of information and documents justifying the suspicion of committing a crime to competent authorities;
- exchange of information with the cooperating units;

- developing the national assessment of the risk of money laundering and financing of terrorism as well as strategies for counteracting such crimes in cooperation with the cooperating units and obligated institutions;
- exercising control over compliance with the provisions on counteracting money laundering and financing of terrorism;
- issuing decisions on entry into the list of persons and entities towards whom or which specific restrictive measures, involving the freezing of assets or refraining from making them available, in particular by refraining from granting loans, consumer loans or mortgage loans, refraining from making donations, refraining from making payments for goods or services, are applied, or their delisting, and keeping this list;
- cooperation with competent authorities in other countries, as well as foreign institutions and international organisations dealing with counteracting money laundering or financing of terrorism;
- exchange of information with foreign financial intelligence units, including running a contact point for the purposes of such exchange;
- imposing administrative penalties referred to in the *AML/CFT Act*;
- making knowledge and information relating to the provisions on counteracting money laundering and financing of terrorism available in the Public Information Bulletin, on the website of the office supporting the minister competent for public finance;
- processing information in accordance with the procedures specified in the Act;
- initiating other measures to counteract money laundering and financing of terrorism.

Obligated institutions are enumerated in Article 2(1) of the *AML/CFT Act*. They have been divided into 28 categories and include entities from both the financial and non-financial sector.

Obligated institutions have a relatively large number of duties that include, in particular, the identification and assessment of the risk of money laundering and financing of terrorism associated with business relationships established with customers or occasional transactions made by customers. Depending on this risk and its assessment, obligated institutions apply adequate customer due diligence measures to gain information on their customers and identify the purpose for which these customers use their services and products.

Obligated institutions notify the GIFI of any circumstances that may give rise to the suspicion of committing the crime of money laundering or financing of terrorism and of any justified suspicions that a given transaction or given assets may be related to money laundering or financing of terrorism.

Obligated institutions also provide the GIFI with information on the so-called above threshold transactions, i.e. ones whose value exceeds EUR 15 thousand and that involve:

- a cash payment into an account or a cash withdrawal from an account, with a value equivalent to more than EUR 15,000;
- a transfer of funds (including a transfer from outside the territory of the Republic of Poland to a recipient for whom the obligated institution acts as payment service provider), with certain exemptions specified in the *AML/CFT Act*;

- a transaction of purchase or sale of a foreign currency;
- a notary deed as specified in the *AML/CFT Act*.

At the request of the GIFI, obligated institutions block bank accounts and suspend transactions as well as submit or make available to the General Inspector information and documents held. They also suspend a transaction or block a bank account under a relevant decision of a prosecutor.

To counteract terrorism and financing of terrorism, obligated institutions also implement specific restrictive measures against the persons and entities entered in the lists published in the Public Information Bulletin, on the website of the minister competent for public finance.

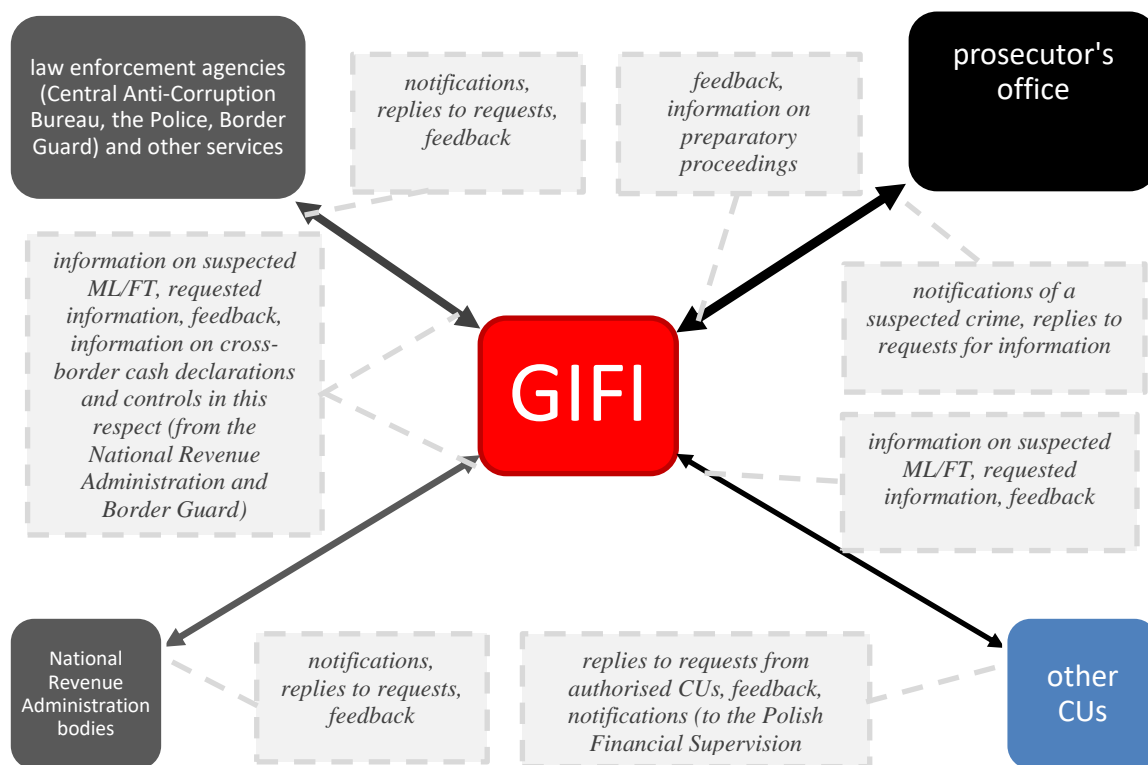
The GIFI is authorised to exercise control over obligated institutions to verify how they perform their duties in the area of counteracting money laundering and financing of terrorism. Control over obligated institutions is exercised also, within their competence, by the following entities in accordance with the rules laid down in other provisions:

- the President of the National Bank of Poland [over entities running currency exchange offices (bureaux de change)];
- the KNF (over institutions under its supervision);
- the National Association of Cooperative Savings and Credit Unions (over cooperative savings and credit unions);
- presidents of the courts of appeal (over notaries);
- heads of the customs and tax control offices (over all obligated institutions);
- voivodeship or poviast governors – over associations;
- ministers or poviast governors – over foundations.

Cooperating units include bodies of the governmental administration, bodies of the local governmental units and other state organisational units, as well as the National Bank of Poland, the Polish Financial Supervision Authority and the Supreme Audit Office.

Like obligated institutions, they immediately notify the GIFI of a suspicion of committing the crime of money laundering or financing of terrorism. At the request of the GIFI, they also submit or make available, within their statutory powers, information and documents held.

Figure 2 – Structure of the information flow between the GIFI and the cooperating units



The GIFI verifies suspicions of money laundering or financing of terrorism contained in the reports and notifications based on the information received from obligated institutions, cooperating units and foreign FIUs. In the case of a justified suspicion of money laundering or financing of terrorism, the GIFI notifies the competent prosecutor who initiates, in cooperation with law enforcement agencies, steps to verify information obtained from the GIFI, collect evidence, and bring an indictment against the suspects.

Following the receipt of such notification, the prosecutor is obliged to notify the GIFI of:

- issuing a decision to block a bank account or suspend a transaction;
- suspension of proceedings;
- reopening of suspended proceedings;
- issuing a decision to present offence charges.

Furthermore, prosecutors are obliged to notify the GIFI of issuing a decision to block a bank account or suspend a transaction, initiation of proceedings, presenting charges, bringing an indictment, and other matters related to money laundering or financing of terrorism.

In turn, on written request, the GIFI submits the collected information or documents to courts and prosecutor's offices for the purposes of criminal proceedings. Moreover, the GIFI provides the information held, including financial information and financial analyses, on written and justified request of other cooperating units indicated in the AML/CFT Act – enumerated law enforcement agencies (Article 105(1)) and the Chairperson of the Polish Financial Supervision Authority; the President of the National Bank of Poland; the President of the Supreme Audit Office; the national administrator referred to in Article 3(22) of Commission Regulation (EU) No 389/2013 of 2 May 2013 establishing the Union Registry (The National Centre for Emissions Management (KOBiZE)); the minister competent for foreign affairs; the minister

competent for public finance; the Head of the National Revenue Administration, the director of the Regional Revenue Administration Office or the head of the customs and tax office – insofar as required by their statutory tasks. When making information available to requesting entities, the GIFFI specifies the purposes for which this information may be used.

Should reasons occur to suspect that a crime or a fiscal offence has been committed, other than money laundering or financing of terrorism, the GIFFI submits to the competent authorities (i.e. law enforcement agencies, special services or the Head of the KAS) any information that justifies the suspicion to enable them to take steps resulting from their statutory tasks. The GIFFI may also share *ex officio* information held with the authorities indicated above to enable them taking steps resulting from their statutory tasks. Furthermore, if the GIFFI suspects for justified reasons that the provisions on the operation of the financial market have been violated, it submits the information justifying the suspicion to the KNF.

Due to the international dimension of offences of money laundering and financing of terrorism, the GIFFI exchanges information with foreign FIUs.

At the justified request of a foreign FIU, the GIFFI may allow for transferring information it has made available to other authorities or foreign FIUs or using this information for any purpose other than the tasks of financial intelligence units. Analogically, the GIFFI may also request a foreign FIU to allow it to transfer the information provided by this FIU to courts, prosecutor's offices and other cooperating units, other foreign FIUs, or use this information for purposes other than the performance of its tasks.

Furthermore, the GIFFI may request to suspend a transaction or block a bank account at the justified request of a foreign FIU "that allows for lending credence to the suspicion of a crime of money laundering or financing of terrorism".

Summing up, it should be stated that the system for counteracting money laundering and financing of terrorism is complex and requires linking with the nature of particular solutions provided for in the Act and their dependence on other regulations contained in the other areas of the legal system. The system affects many areas related to running a business and the operation of corporate entities, establishing business relationships and concluding transactions.

The system should serve its purpose, i.e. it should prevent the use of the financial system for money laundering or financing of terrorism.

The performance of specific obligations under the *Act on Counteracting Money Laundering and Financing of Terrorism* is secured by both administrative and criminal sanctions. Administrative regulations are to safeguard the legal interest, protected also by criminal law regulations. The provisions of the Act are designed to reduce the risk of money laundering (Article 299 of the Penal Code). However, specifying obligations only on an administrative basis would be insufficient to adequately counteract money laundering, therefore the criminalisation of money laundering is justified and enshrined also in international agreements (e.g. the Vienna Convention, the Palermo Convention or FATF Recommendation 3). Administrative and criminal law regulations in the field of money laundering remain in a complex relationship with each other.

In the light of the above, attention should be paid to the importance of cooperation between authorities and units, which determines the effectiveness of the system as a whole in both administrative and criminal aspects.

The importance of risk-based solutions in the system needs to be emphasised. FATF Recommendation 1 should also be noted, according to which: *“Countries should identify, assess, and understand the money laundering and terrorist financing risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively. Based on that assessment, countries should apply a risk-based approach (RBA) to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified. This approach should be an essential foundation to efficient allocation of resources across the anti-money laundering and countering the financing of terrorism (AML/CFT) regime and the implementation of risk-based measures throughout the FATF Recommendations. Where countries identify higher risks, they should ensure that their AML/CFT regime adequately addresses such risks. Where countries identify lower risks, they may decide to allow simplified measures for some of the FATF Recommendations under certain conditions. Countries should require financial institutions and designated non-financial businesses and professions (DNFBPs) to identify, assess and take effective action to mitigate their money laundering, terrorist financing and proliferation financing risks”*.

For the system to operate effectively, it is essential to ensure adequate actions regarding the correct risk assessment and to take effective customer due diligence measures against money laundering and financing of terrorism. The importance of the correctness of actions taken in this regard by obligated institutions needs to be emphasised, as by the proper performance of their obligations under the Act, these institutions clearly contribute to the effectiveness of the entire system. In order to ensure the accomplishment of the goal for which the system has been created, appropriate cooperation between the authorities and cooperating units that control the activities of obligated institutions is also necessary, which determines the adequacy of the application of sanctions that will effectively lead to taking adequate steps by obligated institutions.

Therefore, the entire system acts as a specific organism in which the operation capacity of its particular elements should be maintained to ensure the effectiveness of its operation as a whole, which also requires cooperation and the provision of timely information to ensure the effectiveness and inevitability of actions taken also by supervisory authorities with respect to obligated institutions. This will, in turn, enable the proper performance of their tasks by those authorities that are to supervise the proper operation of the system by, among others, taking adequate legal steps that determine its effectiveness.

The proper fulfilment of the obligations arising from the Act depends on an adequate understanding of the regulations. An important role in terms of the correctness of actions undertaken by obligated institutions is played by the General Inspector of Financial Information, e.g. as regards the ongoing sharing of knowledge in the area of provisions on counteracting money laundering and financing of terrorism, which is implemented through training and publishing messages in the Public Information Bulletin on the website of the office supporting the minister competent for public finance. Powers and responsibilities relating to sharing knowledge and information are also carried out through the development of a national assessment of the risk of money laundering and financing of terrorism as well as strategies for counteracting these crimes in cooperation with cooperating units and obligated institutions.

Therefore, it is obvious that the adequate level of knowledge in the area of regulations relating to counteracting money laundering and financing of terrorism translates into a higher quality of fulfilment of their obligations by obligated institutions, which in turn enhances the effectiveness of the entire system.

Sharing knowledge satisfies preventive measures, which may result in reduced sanctions against obligated institutions.

The structure and the way of the operation of the system as a whole is directly affected by the legislation process which is an important element that ensures the operation of the system as a whole.

The ability to exchange information with foreign financial intelligence units makes counteracting money laundering and financing of terrorism gain international overtones.

The shape and the way of the operation of the national system for counteracting money laundering and financing of terrorism are affected by international regulations, which is reflected, for example, in the implementation of directives or FATF recommendations.

2.2. INFORMATION ON CATEGORIES OF OBLIGATED INSTITUTIONS

Pursuant to the *AML/CFT Act* there are 28 categories of obligated institutions, including entities operating in the financial market and a numerous group of entities operating outside that market.

2.2.1. ENTITIES OPERATING IN THE FINANCIAL MARKET

The description of the categories of entities operating in the financial market has been drawn up based on information obtained by the GIFI under Article 14(4) of the *AML/CFT Act* from the KNF¹, the National Cooperative Savings and Credit Union and the NBP, concerning the categories of entities they supervise.

Banking sector

As at the end of December 2022, banking activity was carried out by 560² entities (30 commercial banks, 496 cooperative banks, and 34 branches of credit institutions). The banking sector had a network of 10,300 outlets (5,077 branches, 2,408 affiliated branches and agencies, and 2,816 representative offices). The banks employed 143,400 people. In the analysed period, the trend of reducing the banking network continued – banks continued their activities aimed at increasing the effectiveness of their operations by optimising the sales network (the trend of reducing the banking network). Between 2021 and 2022, there was a slight increase in the number of the banking sector employees, i.e. from 143,000 (data as at the end of December 2021) to 143,400 (data as at the end of December 2022). The number of bank branches decreased between the end of 2021 and the end of 2022 from 5,211 to 5,077. The number of affiliated branches and agencies decreased from 2,585 (as at the end of 2021) to 2,408 (as at the

¹ The presented information has been selected from a broader description of the financial market sectors provided by the Polish Financial Supervision Authority.

² Own data of the Polish Financial Supervision Authority as at 21 March 2023

end of 2022). The downward trend applied also to the number of representative offices, whose number decreased from 2,993 (in 2021) to 2,816 (as at the end of December 2022).

The situation of the banking sector as at the end of December 2022 remained stable, despite the unstable macroeconomic and geopolitical environment. The capital base decreased, which was mainly related to the sell-off of treasury bonds in banks' portfolios (increase in interest rates). Banks' own funds decreased at the end of the fourth quarter by 0.8% (y/y) from PLN 219 billion to 218 billion. At the same time, there was a slight increase in the total amount of annualized risk exposure (by 1.2% to PLN 1,118 billion). The Tier 1 capital ratio was 17.6%, and the total capital ratio was 19.5%. In the same period of 2021, these ratios were 17.4% and 19.4%, respectively.

The current liquidity situation in commercial banks remained good. All commercial banks met the applicable LCR standard of 100%. As at the end of Q4 2022, the average LCR for the sector was 177%. The requirement regarding the net stable funding ratio (NSFR) was also met by all banks, and its average value in the period concerned was 149%.

The net financial result as at the end of December 2022 amounted to PLN 12.5 billion and was PLN 6.5 billion higher than that recorded at the end of December 2021. It should be emphasised that the increase in the financial result was recorded despite significant one-off burdens on the sector (payment holiday, payments to the IPS³ and FWK⁴) and additional provisions for legal risk. On the other hand, the sector recorded a significant positive impact of rising interest rates on the net interest income (an increase in interest expenses from PLN 4.5 billion to 43.3 billion with an increase in interest income from PLN 51.1 billion to 119.4 billion).

As at the end of December 2022, 11 commercial banks and 1 cooperative bank showed a total loss of PLN 4.8 billion. These banks had an approx. 16.3% share in the assets of the sector of commercial and cooperative banks. Other banks in the sector reported a total profit of PLN 18.4 billion.

As regards branches of credit institutions, 8 entities, with a 16.5% share in the assets of all branches of credit institutions, reported a total loss of PLN 2.5 billion.

Additional burdens on the sector occurred at a time when the banking environment was relatively favourable (low unemployment, dynamically growing nominal wages, rising interest rates). For this reason, the performance ratios did not change significantly compared to the previous year. As at the end of Q4 2022, ROE⁵ was 6.99% (+3.85 p.p. y/y), ROA⁶ was 0.47% (+0.22 p.p. y/y) and R/I⁷ dropped from 22.96% to 16.63%. On the other hand, the banks restored the net interest margin (increase from 2.07% to 3.20% in the same period of the previous year) with strict cost control – the C/I⁸ ratio fell from 59.51% to 53.49%.

The growth rate of the banking sector balance recorded in Q4 2022 was relatively low compared to the result for 2021 and amounted to – 6.5% in nominal terms (increase to PLN 2,741.1 billion as at the end of 2022). In the structure of the assets, the main items included loans and advances

³ *System Ochrony Instytucjonalnej* (Institutional Protection Scheme). The system was established to: mutually guarantee liquidity and solvency in order to avoid bankruptcy of each of its participants. This system is voluntary.

⁴ *Fundusz Wsparcia Kredytobiorców* (Borrowers' Support Fund)

⁵ Return on Equity

⁶ Return on Assets

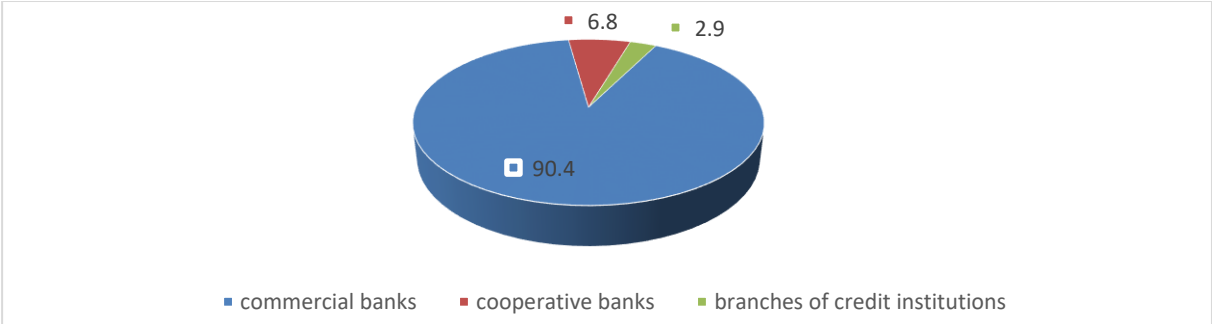
⁷ Provisions and write-offs to income ratio

⁸ Cost/income ratio

(55.7%, PLN 1,527.1 billion). Debt instruments accounted for 29.4% of the assets (PLN 807.1 billion), while the other receivables – for 14.8% (PLN 406.9 billion). As for liabilities, the main items included deposits (PLN 1,974.5 billion, 72%), own issues (PLN 233.7 billion, 8.5%), and equity (PLN 204.0 billion, 7.4%).

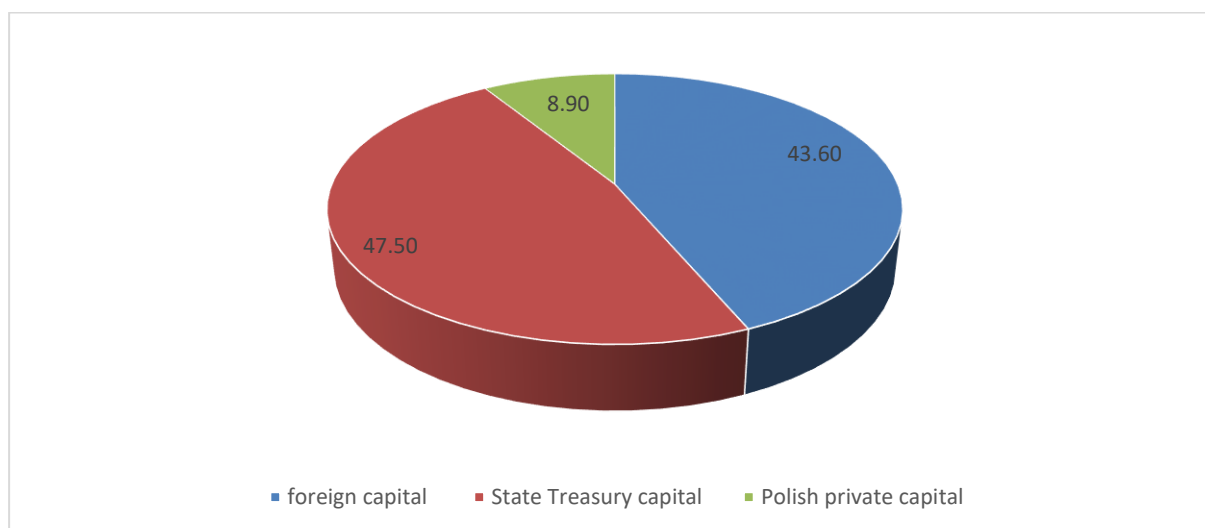
The stability of the banking sector is crucial for the stability of the entire financial system. As at the end of December 2022, assets of the banking sector amounted to PLN 2,741 billion, which accounted for approx. 89.35% of GDP in the last 4 quarters. 90.3% of the sector’s assets are managed by commercial banks, the share of cooperative banks in banking assets is 6.8%, and that of branches of credit institutions is 2.9%.

Chart 1 – Banking sector structure as at the end of December 2022 by share in the total value of its assets



In the breakdown by dominant entities, 47.5% of the banking sector assets were controlled as at the end of 2022 by the State Treasury, 43.6% by foreign capital, and 8.9% by Polish private capital. The concentration of the banking sector is moderate. As at the end of December 2022, the assets of the five largest banks accounted for 57.6% of the sector’s assets. Compared to 49.9% as at the end of December 2018, an upward trend can be observed, which results, among others, from positive economies of scale in larger institutions.

Chart 2 – Structure of the banking sector by the origin of capital as at the end of December 2022



Current challenges facing the banking sector include:

- (1) An unstable economic and geopolitical environment, including the expected significant economic slowdown and the impact it will have on customers' ability to service their debts. Further escalation of the conflict in Ukraine is also possible, which may result in the withdrawal of investors from the domestic market, depreciation of the domestic currency, an increase in the cost of financing and further sell-off of treasury bonds.
- (2) Global rise in inflation. A higher price growth rate prompts central banks to tighten their monetary policy, which may lead to sell-offs in the markets, appreciation of currencies considered safe, and a higher cost of the financing the economy. Just like in 2021, the so far increases in interest rates in Poland have not had a negative impact on the quality of assets, while increasing the net interest income. However, the growing interest costs of bank customers may lead in the long term to problems with timely payment of some liabilities, especially given the significant share of loans with variable interest rates.
- (3) The prevailing unstable economic and social environment related to the previously ongoing COVID-19 pandemic and renewed outbreaks of the virus in various parts of the world that may destabilise the economic and financial environment of countries' economies.
- (4) Materialisation of the legal risk associated with FX mortgage loans. Banks' costs related to the widespread cancellation of contracts and lack of remuneration for the use of capital.
- (5) The need to raise additional funds to meet the MREL requirement⁹ by banks. Additional weakening of banks' capitals related to the end of transitional periods (CRR quick fix).
- (6) Operational challenges related to:

⁹ The minimum requirement for own funds and eligible liabilities that can be written down or converted into equity

- switching to a new WIRON reference index¹⁰ that has replaced the WIBOR reference index.
- the position of the Office of Competition and Consumer Protection on unauthorised transactions.¹¹

Cooperative banks

Cooperative banks offer a relatively simple range of bank services and products. As at 31 December 2022, there were 496 cooperative banks and 2 associating banks: BPS SA and SGB-Bank SA. Cooperative banks operated two systems of institutional protection covering 486 cooperative banks and both associating banks, while 10 banks operated unassociated and unprotected.

After the four quarters of 2022 – due to the merger process – the number of cooperative banks decreased by 15. From December 2021 to December 2022, the assets of cooperative banks increased by 0.7%, i.e. by PLN 1.3 billion, to PLN 186.3 billion. The assets of the associating banks increased by 5.1%, i.e. by PLN 2.6 billion, to PLN 53.6 billion.

As at the end of Q4 2022, loans accounted for 57.6% of the assets of cooperative banks. Cooperative banks are still primarily interested in financing business activity (loans for this purpose account for approx. 64.8% of receivables from the non-financial sector). Such loan structure is undoubtedly affected by the history of cooperative banks – they were established primarily to finance the activity of farmers and craftsmen. Traditionally, cooperative banks collect deposits mainly from individuals. In cooperative banks, there is a growing surplus of deposits from the non-financial sector over loans to this sector. It is invested mainly in associating banks and in debt instruments, mainly of the State Treasury and the NBP, and, to a lesser extent, in loans for local governments. Debt instruments of the State Treasury and the NBP accounted for 23.8% of the value of cooperative banks' assets.

From December 2021 to December 2022, the own funds of cooperative banks increased by 4.3%, i.e. to PLN 13.8 billion. The total capital ratio (TCR)¹² of cooperative banks was 19.2% (compared to 18.6% in December 2021), while Tier1¹³ was 18.7%, compared to 18% in December 2021. The increase in the TCR was largely due to 2021 profit distribution. In December 2022, all cooperative banks met the minimum requirement for own funds, taking into account the combined buffer requirement. As at the end of December 2022, the own funds of the associating banks were higher 12.3% than at the end of December 2021 and amounted to PLN 2.3 billion. Tier1 capital accounted for 72.6% of own funds (76.6% in December 2021). The capital ratios of both associating banks increased.

The cooperative sector, excluding the associating banks, has a fairly stable share in the banking market, amounting to approx. 6.7% of the total assets (together with the associating banks this

¹⁰ The WIRON(R) index, previously known as WIRD(R), is the Warsaw Deposit Market Index. It is based on unsecured deposit transactions in a group of credit and financial institutions. The WIRON(R) index shows the cost of raising money on the market, taking into account only transactions related to unsecured deposits with overnight maturity (ON). Thus, it accurately shows only real transactions made during one day.

¹¹ https://uokik.gov.pl/aktualnosci.php?news_id=19045

¹² It informs about the own funds to risk-weighted assets ratio.

¹³ In banking regulations, Tier 1 is defined as capital of the highest quality. It mainly includes shares, retained earnings and other reserves.

share is approx. 8.6%). At the end of 2022, deposits accounted for approx. 10.1% of the total assets.

Cooperative savings and credit unions (Spółdzielcze Kasy Oszczędnościowo-Kredytowe – SKOK)

In accordance with Article 3 of the *Act of 5 November 2009 on Cooperative Savings and Credit Unions* (consolidated text: Journal of Laws of 2022, item 924), the objective of cooperative savings and credit unions (hereinafter referred to as SKOKs) is to collect cash only from its members, grant loans and credits to them, carry out financial settlements on their behalf, and act as an intermediary in concluding insurance agreements.

Pursuant to Article 130(2)(1)(c) of the *AML/CFT Act*, read together with Article 63(1) of the *Act of 5 November 2009 on Cooperative Savings and Credit Unions*, the National Association of Cooperative Savings and Credit Unions exercises control over SKOKs.

The financial services provided by SKOKs are, to the extent specified above, analogous to the services provided by banks. By accepting deposits, providing loans and credits, as well as offering financial settlements, SKOKs are thus an alternative to the banking sector system.

Along with banks, SKOKs are part of the financial sector that is of key importance for the state's economy. The financial sector, hence also SKOKs, due to the type of the services provided, is exposed to risks related to money laundering and financing of terrorism.

As at the end of Q4 2022, there were 19 SKOKs and the National Association of Cooperative Savings and Credit Unions (20 entities in total). In 2022, three SKOKs merged with other SKOKs with the consent of the Polish Financial Supervision Authority.

As at 31 December 2022, SKOKs recorded a total profit of PLN 99.59 million (as at the end of December 2021, 22 SKOKs operating at that time reported a profit of PLN 7.43 million).

Compared to the end of 2021, own funds of the SKOKs increased by 3.83%, i.e. by PLN 15.17 million, and their amount shown as at the end of December 2022 was PLN 395.79 million. As at the end of December 2022, the solvency ratio of the SKOKs was 4.22% and was lower than the 5% threshold required by law. Compared to the balance as at the end of 2021, assets held by the SKOKs increased by 0.29%, i.e. by PLN 28.83 million to PLN 10,063.64 million.

The gross loan and credit portfolio increased by 2.03%, i.e. by PLN 156.16 million to PLN 7,692.30 million, while the value of deposits decreased by 1.75%, i.e. by PLN 162.16 million to PLN 9,283.42 million.

The economic and financial situation of the SKOKs varies. The operation of some of the SKOKs is secure, while the economic and financial situation of the others is difficult and requires remedial or restructuring measures. As at the end of December 2022, 10 SKOKs were required to implement a rehabilitation programme.

The sector of cooperative savings and credit unions is monitored and supervised by the KNF, whose activities are aimed at mitigating risks occurring in particular entities in the sector to ensure the security of deposits kept by these entities. Restructuring activities may be supported, if approved by the European Commission, with public funds. There was no need to mobilise such funds in 2022.

Pursuant to Article 130(2)(1)(c) of the *AML/CFT Act* the National Association of Cooperative Savings and Credit Unions exercises control over SKOKs. The National Association of Cooperative Savings and Credit Unions has dedicated neither human nor financial resources solely for the implementation of control tasks in the field of counteracting money laundering and financing of terrorism (all employees and units participating in this process also perform other tasks entrusted to them, including other types of controls). According to the information provided by the National Association of Cooperative Savings and Credit Unions, after estimating the approximate time spent by the employees and units in question on controls in the field of counteracting money laundering and financing of terrorism, two FTEs were dedicated solely to the above-mentioned tasks in 2022.

Sector of payment institutions

The sector includes domestic payment institutions (DPI), small payment institutions (SPI), account information service providers (AISP), domestic electronic money institutions, and payment service offices (PSO), supervised by the KNF. These entities are authorised to render payment services, but they differ significantly in terms of, for example, the scope of the authorised services, geographical territory covered, legal form, licencing requirements, and capital requirements.

As at 31 December 2022, relevant registers included 42 domestic payment institutions, 150 small payment institutions, 15 providers rendering only account information services, 1 domestic electronic money institution, and 1,193 payment service offices. As of the end of Q4 2022, the DPIs recorded own funds in the amount of PLN 1.05 million. The DPI reporting information for the period from Q1 to Q4 2022 (as at 28 February 2023) shows that in 2022, the DPIs performed a total of 3.33 billion payment transactions worth PLN 470.72 billion, while the SPIs performed in the same time 15.98 million transactions worth PLN 4.92 billion (as at 28 February 2023).

On 1 January 2020, the *Act amending certain acts to reduce regulatory burdens* entered into force (Journal of Laws of 2019, item 1495, hereinafter referred to as “the amendment to the Act on Payment Services”). Pursuant to the amendment to the Act on Payment Services, since 2020, payment service offices have been obliged to report once a year – by 31 January of the year following the end of the reporting period. Throughout 2022, payment service offices made 20.84 million transactions worth PLN 4.78 billion. For comparison, Krajowa Izba Rozliczeniowa S.A. (Polish National Clearing House) processed in Elixir in the same period 2.18 billion payment orders worth PLN 7.86 trillion. It should be noted, however, that some of the transactions made by the DPIs are settled in other clearing systems – e.g. Express Elixir, Euro Elixir and BlueCash. Therefore, the importance of the domestic payment institutions sector in the macroeconomic context is negligible.

Life insurance sector

As at the end of 2022, insurance class I (life insurance) was composed of 24 insurance companies authorised to carry out insurance activity (all of them carried out operating activities).

Life insurance companies operated approx. 11.82 million insurance agreements. In the revenue structure of insurance companies, gross premium written prevailed. During the four quarters of

2022, its total amount in the life insurance class was PLN 21.54 billion and accounted for 29.77% of the total gross premium written of the entire insurance sector.

As at the end of Q4 2022, the structure of direct insurance in class I was dominated by life insurance (group 1), accounting for 45.16% of the gross premium written. Supplemental accident and sickness insurance (group 5), accounting for 34.91% of the gross premium written, came second, followed by group 3 insurance (life insurance, if related to an insurance capital fund, as well as life insurance in which compensation from the insurance institution is determined based on specific indices or other base values), accounting for 18.80% the total premium of the class.

In the four quarters of 2022, life insurance companies paid out claims and benefits in the amount of PLN 18.87 billion. At the same time, life insurance companies created at the end of Q4 2022 gross technical and insurance provisions in the amount of PLN 69.12 billion.

The net profit of class I insurance companies was PLN 2.23 billion, while income tax reported by these insurance companies amounted to PLN 0.50 billion.

As at the end of Q4 2022, the total amount of life insurance companies' assets was PLN 82.83 billion, including:

- PLN 27.61 billion supporting the economy and public finance through domestic bonds and other fixed income securities;
- PLN 5.13 billion invested in company shares and other variable-yield securities.

As at the end of Q4 2022, life insurance companies had equity of PLN 10.24 billion, which accounted for 12.37% of the total assets of the class.

As at the end of Q4 2022, the solvency of insurance companies was at a high, secure level – all the class I insurance companies showed coverage of the solvency ratios (understood as the minimum from the amount of eligible own funds to the capital solvency requirement and eligible basic own funds to the minimum capital requirement), including 16 class I insurance companies with solvency ratios above 175%.

For class I, the following factors had the greatest impact on the extent of the capital solvency requirement: customer churn risk, mortality risk, catastrophe risk in life insurance, and the risk of expenses in life insurance (as part of actuarial risk in life insurance) as well as asset concentration risk, stock price risk, interest rate risk, and credit spread risk (within the market risk).

Capital sector

Brokerage houses and offices

The *Act of 29 July 2005 on trading in financial instruments* (consolidated text: Journal of Laws of 2022, item 1500) is the key legal act regulating the operation of brokerage houses in the territory of Poland.

Brokerage activities involve, among others, accepting and transferring orders for buying or selling financial instruments, buying or selling securities on one's account, managing portfolios

consisting of one or more financial instruments, investment advisory as well as offering financial instruments and rendering services under agreements on investment and services sub-issuances. Brokerage activities may be carried by an investment firm being a brokerage house or a bank carrying out brokerage activities. Brokerage houses may carry out brokerage activities in the form of a joint stock company, a limited joint-stock partnership, a limited-liability company, a limited partnership, a partnership or a general partnership. An entity that intends to carry out brokerage activities must obtain a permit from the Polish Financial Supervision Authority.

As at the end of 2022, permits for carrying out brokerage activities were held by:

- 33 brokerage houses and 9 banks in different respects provided for in Article 69(2) and (4) of the *Act of 29 July 2005 on trading in financial instruments*;
- 9 trustee banks;
- 1 commodity brokerage house (activities provided for in Article 38(2) of the *Act of 26 October 2000 on Commodity Exchanges* (consolidated text: Journal of Laws of 2023, item 380).

Table 1 – Numbers of entities, by category, carrying out brokerage activities in 2018 – 2022

| Type of entity | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------|-----------|-----------|-----------|-----------|-----------|
| Brokerage house | 40 | 37 | 36 | 36 | 33 |
| Commodity brokerage house | 1 | 1 | 1 | 1 | 1 |
| Bank offering brokerage | 9 | 9 | 9 | 9 | 9 |
| Trustee bank | 12 | 12 | 11 | 11 | 9 |
| TOTAL | 62 | 59 | 57 | 57 | 52 |

As part of brokerage activities, investment companies carry out activities involving, in particular:

- accepting and transferring orders for buying or selling financial instruments;
- implementing orders referred to above on the account of the ordering party;
- buying or selling securities on one's account;
- managing portfolios consisting of one or more financial instruments;
- investment advisory;
- offering financial instruments;
- providing services as part of the performance of concluded issue guarantee agreements, or concluding and performing other agreements of a similar nature, as long as they relate to financial instruments.

Investment companies differ in terms of the scope of their brokerage licences. There are companies that perform one type of brokerage activity as well as companies that offer a wide range of brokerage services.

Brokerage houses

As at 31 December 2022, brokerage activities were carried out by 33 brokerage houses varying in terms of the range of activities performed. Sixteen brokerage houses held financial instruments or cash of customers. These entities, as a rule, also perform a much wider range of activities, and thus have greater opportunities to diversify their revenue sources.

As at 31 December 2022, brokerage houses kept 920,793 financial instrument accounts on behalf of their customers (an increase by 16.63% compared to 31 December 2021), with a total value of financial instruments of PLN 170,064,583,465.39 (a decrease by 4.93% compared to 31 December 2021). The amount of customers' cash deposited on cash accounts was PLN 7,976,471,779.05 (a decrease by 21.13% compared to 31 December 2021).

As at the end of 2022, 10 brokerage houses provided services involving the management of customers' assets. As at 31 December 2022, these entities managed customers' assets worth PLN 5,998,473,825.8 (a decrease by 8.31% compared to 31 December 2021).

According to the data contained in their December monthly reports, brokerage houses generated in 2022 net profit of PLN 926,956,467.77 (representing 240.26% of net profit generated in 2021). On 31 December 2021, the equity of brokerage houses amounted to PLN 2,626,465,204.67 (representing 124.45% of their equity as at 31 December 2021), and their total assets amounted to PLN 12,158,806,944.12 (representing 85.18% of their total assets as at 31 December 2021). Monthly reports contain preliminary data that is not subject to verification by an auditor.

Commodity brokerage houses

According to its latest audited financial statements (for 2021), the only commodity brokerage house licenced by the Polish Financial Supervision Authority incurred in 2021 a loss in the amount of PLN 1,025,468.38, its equity amounted to PLN 6,479,589.76, and the amount of its total assets was PLN 8,095,698.44. According to the data contained in its December monthly report, in 2022, the commodity brokerage house generated net profit of PLN 242,807,381.53, and its equity as at 31 December 2022 amounted to PLN 249,286,971.29. Monthly reports contain preliminary data that is not subject to verification by an auditor.

Brokerage offices

As at 31 December 2022, brokerage offices kept for their customers 1,836,961 financial instrument accounts (an increase by 17.36% compared to 31 December 2021), with a total value of financial instruments of PLN 443,290,296,776.80 (an increase by 4.26% compared to 31 December 2021). The amount of customers' cash deposited on cash accounts used to handle financial instrument accounts was PLN 8,137,144,859.14 (a decrease by 28.93% compared to 31 December 2021). By managing portfolios consisting of one or more financial instruments, brokerage offices managed customers' assets in the amount of PLN 1,929,447,109.23 (an increase by 6.64% compared to 31 December 2021).

Trustee banks

As at 31 December 2021, trustee banks operated 39,670 securities accounts (a decrease by 1.46% compared to 31 December 2021) with assets of PLN 816,453,065,550.00 (a decrease by 5.39% compared to 31 December 2021).

Investment fund management companies (TFI)

The rules for establishing and operating investment fund management companies registered in the territory of the Republic of Poland are provided for in the *Act of 27 May 2004 on investment funds and the management of alternative investment funds* (consolidated text: Journal of Laws of 2022, item 1523).

An investment fund is a legal person whose sole activity consists in investing cash collected through public, and in the cases specified in the aforementioned act – also private, offering of purchase of investment units or investment certificates in securities, money market instruments, and other property rights specified in this act. An investment fund is managed by an investment fund management company.

As at 31 December 2022, there were 55 investment fund management companies authorised by the Polish Financial Supervision Authority, that managed assets in the total amount of PLN 365.6 billion. As at the end of 2022, investment fund management companies managed 672 investment funds, including ones in liquidation. The total number of investment funds comprised 42 open-ended investment funds, 69 specialist open-ended investment funds, and 561 closed-ended investment funds. As at 31 December 2022, the total value of their assets was PLN 307.5 billion. The value of the portfolios consisting of one or more financial instruments managed by investment fund management companies was PLN 38.2 billion.

The value of assets deposited in the investment funds as at the end of 2022 accounted for approx. 12% of GDP for 2021 and for approx. 28% of the capitalisation of the Stock Exchange as at the end of December 2022. It should also be noted that the total assets of the investment funds as at the end of 2022 were almost twice as high as the value of the net assets of open-ended pension funds as at the end of December 2022.

As at 31 December 2022, the total assets of investment fund management companies was PLN 2,658,918,000, 40% of which was cash in the amount of PLN 1,072,359,000. The total value of the equity of investment fund management companies as at the end of 2022 was PLN 2,038,628,000. In the period from 1 January 2022 to 31 December 2022, the total net profit of investment fund management companies amounted to PLN 466,943,000. In 2022, investment fund management companies generated total revenue of PLN 3,001,472,000, which included mainly revenue from investment fund management of PLN 2,805,392,000. The total costs incurred by investment fund management companies in 2022 amounted to PLN 2,414,888,000, 18% of which were variable distribution costs of PLN 440,682,000.

Entities running currency exchange offices (bureaux de change)¹⁴

Performing the tasks specified in the *Act of 27 July 2002 – Foreign Exchange Law* (consolidated text: Journal of Laws of 2022, item 309) and in the *AML/CFT Act*, the President of the NBP keeps a register of currency exchange offices and exercises control over currency exchange services, as well as supervises the fulfilment by the respective entrepreneurs of the obligations relating to counteracting money laundering and financing of terrorism. As at 31 December 2022, the register of currency exchange office operators included 2,352 entrepreneurs. As at the end of 2022, currency exchange services were provided in 4,577 currency exchange offices, while in 280 ones the provision of these services was suspended.

Table 2 – Value of foreign currencies bought and sold in currency exchange offices in Q4 2021 and Q1, Q2 and Q3 2022 (in PLN million)

| Period | Foreign currencies bought | Foreign currencies sold | Balance of turnover |
|---------------|----------------------------------|--------------------------------|----------------------------|
| Q4 2021 | 21,662 | 14,933 | 6,729 |
| Q1 2022 | 17,327 | 17,165 | 162 |
| Q2 2022 | 22,674 | 17,244 | 5,430 |
| Q3 2022 | 29,903 | 18,795 | 11,108 |

In 2022, 547 controls were carried out at 480 currency exchange office operators. The controls covered 743 currency exchange offices.

In the course of 98 controls, irregularities in the field of counteracting money laundering and financing of terrorism were found. These controls concerned the activities of 100 entrepreneurs in 141 currency exchange offices.

In 2022, 30 decisions on the imposition of administrative penalties were issued in connection with ascertaining non-compliance with the obligations arising from the *AML/CFT Act*. The total value of the fines imposed under the decisions issued in 2022 was PLN 280,000.

Other institutions

Besides the aforementioned obligated institutions, there are also other obligated institutions operating in the financial market, i.e. lending institutions, referred to in Article 2(1)(25) of the *AML/CFT Act*, as well as some financial institutions.

The provisions of Chapter 5a of the *Act of 12 May 2011 on consumer bank loan* (consolidated text: Journal of Laws of 2022, item 246) set out conditions that must be fulfilled by lending institutions to be permitted to operate. In accordance with Article 59aa(1) of this act, the lending institution may commence business activity following its entry into the register of lending institutions. The register of lending institutions has been kept by the KNF since 2017.

¹⁴ Besides entrepreneurs running currency exchange offices, banks and branches of credit institutions, currency exchange is conducted also by other entities that do it via the Internet. There are also entities providing services consisting in collecting and matching currency exchange orders from various customers and organising/enabling such exchange between them. Pursuant to Article 2(1)(11) of the *AML/CFT Act*, they are obligated institutions.

According to information published on the website, the register listed 517 lending institutions¹⁵ compared to 525 ones in 2021.

As for the definition of a financial institution, the *AML/CFT Act* refers to the provisions of the *Act of 29 August 1997 – Banking Law* (consolidated text: Journal of Laws of 2022, item 2324, as amended), which defines it in Article 4(1)(7) as “the financial institution mentioned in Article 4(1)(26) of Regulation No 575/2013”. The invoked provision of *Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012* (OJ L 176 27.6.2013, p. 1) stipulates that “«financial institution» means an undertaking other than an institution¹⁶, the principal activity of which is to acquire holdings or to pursue one or more of the activities listed in points 2 to 12 and point 15 of Annex I to Directive 2013/36/EU, including financial holding companies, mixed financial holding companies, payment institutions within the meaning of *Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market*, and asset management companies, but excluding insurance holding companies and mixed-activity insurance holding companies”. Thus, factoring and leasing companies (with respect to financial leasing) and entities whose core business involves “consulting services for economic enterprises concerning their capital structure, industrial strategy and the related issues, as well as consulting and services related to mergers and acquisitions of economic enterprises”¹⁷ should be considered financial institutions that are not other obligated institutions specified in the *AML/CFT Act*.

According to the Statistics Poland information¹⁸ of 19 March 2023 on national economy entities entered in the National Official Business Register REGON, as at the end of 2022, the register listed 614 (compared to 633 in 2021) economic entities reporting economic activity involving financial leasing – Polish Classification of Activities (PKD) 64.91.Z. According to the above-mentioned Statistics Poland data, most companies in this industry were registered in the Mazowieckie Voivodship – 219 (compared to 227 in 2021).

Financial (capital, investment) leasing consists in the transfer by the financing party (lessor) of the right to use certain fixed assets (or the right to use and obtain benefits) to the user (lessee) for a definite period in exchange for appropriate fees (leasing instalments). The ownership of the fixed asset may, but does not have to, be ultimately transferred to the lessee. This type of lease covers all or virtually all costs, including interest.

According to the Statistics Poland data contained in quarterly information on national economy entities as at 31 December 2022, the National Official Business Register REGON included (without natural persons running only private farms) a total of 8,441 (compared to 8,876 in 2021) entities reporting the activity defined by the Polish Classification of Activities (PKD)

¹⁵ <https://rpkip.knf.gov.pl/index.html?type=RIP>, the register read on 19 March 2023

¹⁶ Defined in Article 4(1)(3) of Regulation 575/2013 as “a credit institution or an investment firm”.

¹⁷ Point 9 of Annex I to *Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC* (OJ L 176 27.6.2013, p. 338).

¹⁸ <https://stat.gov.pl/obszary-tematyczne/podmioty-gospodarcze-wyniki-finansowe/zmiany-strukturalne-grup-podmiotow/kwartalna-informacja-o-podmiotach-gospodarki-narodowej-w-rejestrze-regon-rok-2022.7.10.html>, access on 19 March 2023

code – 64.99Z, i.e. other financial service activities, except insurance and pension funding not elsewhere classified (this subclass includes, among others, factoring services)¹⁹.

Apart from the aforementioned financial institutions, Krajowy Depozyt Papierów Wartościowych S.A (National Depository for Securities – KDPW S.A.) and the company employed to carry out the activities referred to in Article 48(1)(1) of the *Act of 29 July 2005 on trading in financial instruments*, are also obligated institutions in so far as they operate securities accounts or omnibus accounts.

KDPW S.A. and KDPW_CCP, along with GPW S.A. and BondSpot S.A., are classified by the KNF as entities of the capital market infrastructure. KDPW S.A. is a central depository for securities and it is tasked, among others, with operating and supervising the securities registration system and the settlement system for transactions in financial instruments, as well as with supervising the compliance of the issue limit value with the number of securities on the market, handling corporate events, performing issuers' obligations, and operating a mandatory compensation system. KDPW_CCP S.A. is a clearing house, owned by the KDPW in 100%.

2.2.2. OTHER CATEGORIES OF OBLIGATED INSTITUTIONS

Obligated institutions exercising legal professions

Legal professions are professions of public trust that are pursued in the scope and manner described in specific provisions. They are usually regulated, i.e. subject to control by both the State and particular corporations. The exercise of a freelance profession requires advanced skills and knowledge.

In accordance with Article 1(1)-(2) of the *Polish Notary Public Act of 19 February 1991* (consolidated text: Journal of Laws of 2022, item 1799, as amended), a notary public acts within the scope of their powers as a person of public trust, taking advantage of the protection conferred on public officers, whereas notarial activities performed by the notary public in compliance with the law, take the form of an official document. The notary's tasks are to ensure the security and regularity of legal transactions (in accordance with Article 80(2) of the aforementioned act, in the course of their activities the notary public is obliged to ensure due protection of the rights and legitimate interests of parties and other individuals for whom this activity may cause legal effects). According to the National Notary Council data, as at 19 March 2023, the notary public profession was practiced by 3,777 individuals (compared to 3,644 in 2021)²⁰.

Pursuant to Article 2(1)(13) and (13a) of the *AML/CFT Act*, notaries are obligated institutions in so far as they perform their activities in the form of a notarial deed, including:

- transfer of the ownership of an asset, including sale, exchange or donation of a movable property or real estate;

¹⁹<https://stat.gov.pl/obszary-tematyczne/podmioty-gospodarcze-wyniki-finansowe/zmiany-strukturalne-grup-podmiotow/kwartalna-informacja-o-podmiotach-gospodarki-narodowej-w-rejestrze-regon-rok-2022.7.10.html>, access on 19 March 2023

²⁰ <https://krn.org.pl>

Information on the website from tab [Europejski Spis Notariuszy – wyszukiwarka](#), access on 19 March 2023.

- conclusion of an agreement on the division of inheritance, dissolution of co-ownership, life annuity, pension in exchange for the transfer of the ownership of real estate and on the distribution of jointly held assets;
- assignment of the cooperative member's ownership right to premises, perpetual usufruct right and the alleged promise of separate ownership of premises;
- in-kind contribution following a company establishment;
- conclusion of an agreement documenting a contribution or an increase in the contributions to a company or a contribution or an increase in the share capital;
- transformation or merger of companies;
- disposal of an enterprise;
- disposal of shares in a company;
- keeping a register of shareholders of simplified joint-stock companies and taking actions related thereto.

An attorney is a lawyer providing legal assistance in accordance with the *Act of 26 May 1982 – Law of the Bar* (consolidated text: Journal of Laws of 2022, item 1184, as amended). An attorney is obliged to keep confidential any facts he may become aware of in the course of providing legal assistance. The obligation of professional secrecy does not apply to information made available under the provisions on counteracting money laundering and financing of terrorism – to the extent specified in these provisions.

According to information contained in the National Register of Attorneys and Attorney Trainees kept by the Polish Bar Association, as at 19 March 2023, there were 30,113 attorneys (compared to 28,637 ones in 2021) practicing their profession²¹ and 174 foreign lawyers providing legal assistance²² (compared to 154 ones practising their profession in 2021).

As for a legal counsel, this is a lawyer providing legal assistance in accordance with the *Act of 6 July 1982 on legal counsels* (consolidated text: Journal of Laws of 2022, item 1166, as amended). In particular, legal counsels provide legal advice and consultation, prepare legal opinions and draft legal acts, as well as act as representatives or defenders before authorities and courts (including the Supreme Court, the Constitutional Court, the Supreme Administrative Court, the Court of Justice of the European Union and the European Court of Human Rights).

According to information contained in the search engine of legal counsels, made available by the National Bar Association of Legal Counsels, as at 19 March 2023, there were 51,811 legal counsels²³ (compared to 50,220 ones in 2021).

Like legal counsels and foreign lawyers²⁴, attorneys are obligated institutions in so far as they provide customers with legal assistance or tax advisory in the area of:

²¹ <https://rejestradowokatow.pl/adwokat/wyszukaj>, access on 19 March 2023

²² <http://rejestradowokatow.pl/prawnikzagraniczny/ewidencja>, access on 19 March 2023

²³ Rejestradow.pl, access on 19 March 2023

²⁴ With the exception of legal counsels and foreign lawyers practicing under an employment relationship or serving in offices providing services to public administration bodies, other state or local government organisational units, and in entities other than companies referred to in Article 8(1) of the *Act of 6 July 1982 on legal counsels*.

- purchase or sale of real estate, an enterprise or an organised part of an enterprise;
- management of cash, financial instruments or other assets belonging to the customer;
- conclusion of agreements on keeping a bank account, a securities account or carrying out related activities;
- in-kind contribution to a capital company or increasing the share capital of a capital company;
- establishing, operating or managing capital companies or trusts.

Tax advisers and statutory auditors

Tax advisers practice their profession in accordance with the *Act of 5 July 1996 on tax advisory services* (consolidated text: Journal of Laws of 2021, item 2117, as amended). In accordance with Article 2(1) of the aforementioned act, tax advisory services include:

- providing taxable persons, taxpayers and collectors, at their request or on their behalf, with advice, opinions and explanations concerning their tax and customs obligations and the administrative enforcement procedure in relation to these obligations;
- keeping, on behalf of and for the benefit of taxable persons, taxpayers and collectors, accounting records, tax books and other records for tax purposes, and providing them with respective assistance;
- drafting, on behalf of and for the benefit of taxable persons, taxpayers and collectors, accounting records, tax books and other records for tax purposes, tax returns and tax statements, or providing them with respective assistance;
- representing taxable persons, taxpayers and collectors in proceedings before public administration bodies and with respect to judicial review of decisions, rulings and other administrative acts in cases referred to in the first sub-paragraph.

The activities referred to in the first and last sub-paragraph may be carried out only by the entities indicated in the aforementioned act, i.e. natural persons entered in the list of tax advisers, attorneys and legal counsels, and in the case of the activities referred to in the first sub-paragraph – also statutory auditors. The following entities are also entitled to carry out the activities mentioned in the first and fourth sub-paragraphs (provided that they carry out these activities exclusively through their employers referred to in the preceding sentence):

- professional organisations with legal personality, cooperatives, associations or chambers of commerce, as long as their statutory activities include also tax advisory services provided exclusively to their members;
- audit firms authorised to audit financial statements under other provisions;
- limited-liability companies or joint stock companies that meet the conditions listed in Article 4(1)(3) of the aforementioned act.

Professional tax advisory services are subject to statutory protection and they must not be carried out by unauthorised entities which are otherwise subject to a fine. The tax adviser is obliged to conclude a civil-liability insurance agreement for the tax services he or she renders.

Tax advisers providing legal assistance or tax advisory services to customers are obligated institutions to the same extent as attorneys, legal counsels or foreign lawyers. Moreover, they are obligated institutions in so far as they provide tax advisory services other than those listed in Article 2(1)(14) of the *AML/CFT Act*.

As at 19 March 2023, there were 8,893 registered tax advisers (compared to 8,849 in 2021).²⁵

Statutory auditors practise their profession in accordance with the *Act of 11 May 2017 on statutory auditors, audit firms and public supervision* (Journal of Laws of 2022, item 1302, as amended). Pursuant to Article 3(1) of the aforementioned act, in the framework of their professional activity, statutory auditors conduct financial audits and provide attestation services other than financial audits, that are not reserved to be performed by statutory auditors, as well as related services. The statutory auditor may practice their profession as: a natural person conducting business activity on their behalf and on their own account or as a partner of an audit firm, or as a natural person under an employment relationship with an audit firm, or as a natural person (including a person conducting business activity in any other scope than specified above) who has concluded a civil-law contract with an audit firm.

In accordance with information from the register of statutory auditors kept by the National Council of Statutory Auditors – based on verification as at 20 March 2023, there were 5,024 statutory auditors²⁶ (compared to 5,204 ones in 2021) and 1,248 audit firms²⁷ (compared to 1,353 ones in 2021).

Entities operating games of chance, betting, card games and games on gaming machines

The operation of the gambling market is regulated by the *Gambling Act of 19 November 2009* (consolidated text: Journal of Laws of 2023, item 227, as amended) and its implementing regulations that define “gambling” as games of chance, betting, card games and games on gaming machines.

Games of chance are games, including those arranged online, where the prize is either of a pecuniary or material nature, and whose result is primarily determined by chance. Such games include: numbers games, lotteries, telebingo, cylindrical games, dice games, cash bingo games, raffle bingo games, raffle lotteries, promotional lotteries, and audiotote lotteries.

Betting involves bets on pecuniary or material prizes, consisting in guessing the results of a sports competition between people or animals, in which participants pay stakes, and the amount of the prize depends on the total amount of the paid stakes –these are sweepstakes. Besides sweepstakes, betting includes also guessing the occurrence of various events, including virtual ones, in which participants pay stakes, and the amount won depends on the ratio of payment to the prize agreed between the host bet and the payer, i.e. bookmaking.

Games on gaming machines are games of chance that are played with the use of mechanical, electromechanical or electronic devices, including computer hardware, and games with rules

²⁵ <https://krdp.pl/doradcy.php>, access on 19 March 2023

²⁶ Register of statutory auditors | PIBR, access on 20 March 2023

²⁷ <https://strefa.pana.gov.pl/wyszukiwarka/>, access on 20 March 2023

corresponding to the rules of games on gaming machines arranged via the Internet, where the prizes are of a pecuniary or material nature, and where the game contains an element of chance.

Card games include black jack, poker and baccarat, if played for pecuniary or material prizes.

Operating numbers games, cash lotteries, telebingo games and games on gaming machines outside casinos and the organisation of online gambling (excluding betting and promotional lotteries) is subject to the state monopoly. The state monopoly is exercised by the minister competent for state assets, who establishes for this purpose, in consultation with the minister competent for public finance, single-person companies of the State Treasury.

The *Gambling Act of 19 November 2009* provides that the organisation of gambling requires – depending on the type of the game – a licence or a permit obtained from the minister competent for public finance or a permit obtained from the competent director of the Revenue Administration Regional Office (Izba Administracji Skarbowej – IAS).

As at 12 January 2023, there were 51 licences issued for operating casinos, specifying the location of each of the casinos²⁸. As at 1 March 2023, there were a total of 22 legal entities operating in the betting market²⁹, that were authorised by the Minister of Finance to organise betting. The permit of the Minister of Finance for organising betting in permanent outlets was held by 10 entities, while 22 entities held the permit of the Minister of Finance for organising and operating online betting. There was one legal entity authorised to organise and conduct other types of gambling in the Internet, such as games on gaming machines, card games, cylindrical games, dice games (www.totalcasino.pl) as well as numbers games and cash lotteries (gry.lotto.pl).

The table below shows the amount of tax on gambling in 2021 – 2022.³⁰

Table 3 – Tax on gambling by game type in 2021 and in 2022 (in PLN thousand)

| Game type | 2021 | 2022 |
|---------------------------------|------------------|------------------|
| Monopoly | 1,449,122 | 1,893,852 |
| <i>Numbers games</i> | 822,035 | 900,753 |
| <i>Cash lotteries</i> | 282,638 | 337,780 |
| <i>Games on gaming machines</i> | 45,324 | 118,407 |
| <i>E-casino</i> | 349,125 | 536,913 |
| Casinos | 311,670 | 546,033 |
| Mutual betting | 1,275,171 | 1,475,638 |

²⁸<https://www.podatki.gov.pl/pozostale-podatki/gry-hazardowe/kasyna-gry/>, access on 20 March 2023

²⁹[Zakłady wzajemne i gry hazardowe przez Internet \(podatki.gov.pl\)](https://www.podatki.gov.pl/pozostale-podatki/gry-hazardowe/zaklady-wzajemne-i-gry-hazardowe-przez-internet/), access on 3 March 2023

³⁰<https://www.podatki.gov.pl/pozostale-podatki/gry-hazardowe/sprawozdawczosc/>, access on 20 March 2023

| | | |
|----------------------------|-----------|-----------|
| Audiotele lotteries | 13,129 | 21,765 |
| Raffle lotteries | 3 | 1 |
| Total | 3,049,095 | 3,937,289 |

Postal operators

In accordance with Article 3(12) of the *Act of 23 November 2012 – Postal Law* (consolidated text: Journal of Laws of 2022, item 896, as amended), a postal operator is an economic operator authorised to perform postal activity based on an entry in the register of postal operators. The Postal Law also provides for the existence of a designated operator – a special type of postal operator obliged to provide postal services. In accordance with the decision of the President of the Office of Electronic Communications, from 1 January 2016 to 31 December 2025, Poczta Polska S.A. is the operator designated to provide universal postal services in the Republic of Poland.

According to the information contained in the register of postal operators kept by the President of the Office of Electronic Communications, as at 20 March 2023, there were 282 postal operators³¹ (compared to 304 ones in 2021).

Foundations and associations

A foundation is a legal form of a non-governmental organisation in which capital allocated for a specific purpose plays an important role. In accordance with Article 1 of the *Act of 6 April 1984 on foundations* (Journal of Laws of 2023, item 166, as amended) “a foundation may be established to implement socially or economically useful objectives in line with the fundamental interests of the Republic of Poland, that include, in particular: health care, development of the economy and science, education and upbringing, culture and arts, social care and welfare, environmental protection and preservation of monuments”. Foundations may pursue several objectives at a time.

According to the Statistics Poland data of 26 January 2023, there were 16.8 thousand foundations (data as at 31 December 2021).³²

Foundations are obligated institutions in so far as they accept or make cash payments with a value equal to or greater than the equivalent of EUR 10,000, regardless of whether the transaction is carried out as a single operation or several operations that appear to be related to each other.

An association is a basic organisational and legal form in which one of the most important citizen rights enshrined in the Constitution – i.e. the right to freedom of association and joint activities – is exercised. In accordance with Article 2(1) of the *Act of 7 April 1989 – Law on Associations* (consolidated text: Journal of Laws of 2020, item 2261, as amended), it is a “voluntary, self-governing, sustainable non-profit-making association”.

³¹ <https://bip.uke.gov.pl/rop/rejestr-operatorow-pocztowych>, access on 20 March 2023

³² <https://stat.gov.pl/obszary-tematyczne/gospodarka-spoeczna-wolontariat/gospodarka-spoeczna-trzeci-sektor/podmioty-gospodarki-spoecznej-w-2021-r-wyniki-wstepne.23.1.html>, access on 20 March 2023

An association independently determines its objectives, action programmes and organisational structures and adopts internal acts concerning its activities, while its operations are based on the social work of its members. An association may employ staff, including its members, to perform its activities.

According to the Statistics Poland data of 26 January 2023, there were 83.9 thousand associations (data as at 31 December 2021).³³

Only those associations that have legal personality are obligated institutions in so far as they accept or make cash payments with a value equal to or greater than the equivalent of EUR 10,000, regardless of whether the transaction is carried out as a single operation or several operations that appear to be related to each other.

According to information obtained in accordance with Article 14(4) of the *AML/CFT Act* from poviats governors, voivodeship governors and ministers³⁴, a total of 15 obligated institutions were identified (as at 31 December 2022)³⁵. Among the obligated institutions supervised by the above-mentioned bodies, 2 of them were associations and 7 ones were foundations. In the case of 6 organisations the competent body did not specify the legal form of the supervised entity. Based on the information provided, 91% of poviats governors assessed human and financial resources held as sufficient to carry out tasks in the field of counteracting money laundering and financing of terrorism, while the remaining 9% of them assessed human and financial resources held as insufficient. In the vast majority of poviats governor's offices, tasks related to the implementation of obligations related to counteracting money laundering and financing of terrorism were carried out by one or two employees, and the costs of these activities included primarily the employee's salary as well as the costs of postage and stationery consumption. Depending on the inclusion of the employee's tasks in the work regulations in a particular poviats governor's office, these costs ranged from several hundred PLN to PLN 14,000 per annum. In the vast majority of poviats governor's offices, one or two training courses on counteracting money laundering and financing of terrorism were conducted in 2022.

Other non-financial obligated institutions

A considerable group of obligated institutions operating outside the financial market comprises economic operators conducting non-regulated activity, mainly under the provisions of the *Act of 6 March 2018 – Entrepreneurs' Law* (consolidated text: Journal of Laws of 2023, item 221, as amended), hereinafter referred to as *Entrepreneurs' Law*. These include obligated institutions specified in Article 2(1)(12), (15a), (16)-(18), (23)-(24) and (24a) of the *AML/CFT Act*.

³³<https://stat.gov.pl/obszary-tematyczne/gospodarka-spoeczna-wolontariat/gospodarka-spoeczna-trzeci-sektor/podmioty-gospodarki-spoecznej-w-2021-r-wyniki-wstepne.23.1.html> access on 20 March 2023

³⁴ As part of their supervision or control, the performance by obligated institutions of their obligations in the field of counteracting money laundering and financing of terrorism is controlled by voivodeship or poviats governors – in relation to associations, and ministers or poviats governors – in relation to foundations, in accordance with the rules set out in this act.

³⁵ The information provided by ministers, poviats governors and voivodeship governors was based on their knowledge. Some respondents – particularly poviats governors - pointed out to the limited ability to determine which associations met the conditions specified in Article 2(1)(22) of the *AML/CFT Act* (i.e. during controls carried out in accordance with other provisions or by collecting declarations from the associations).

In accordance with the information posted on the website of the Regional Revenue Administration Office in Katowice³⁶, 669 entities were entered in the register of virtual currency service providers as at 17 March 2023.

In accordance with the information posted at <https://coinatmradar.com/bitcoin-atm-near-me/>, at least 229 bitomats are currently in use in Poland³⁷ (compared to 105 in 2021).

The number of bitomats in Poland (but also worldwide) is constantly growing. Every year, the number of bitcoin ATMs is doubled. The growth rate of the number of these devices shows that there are more and more people interested in a quick exchange of cryptocurrencies, e.g. for cash (despite high amounts of commission on such transactions). In one bitomat, it is also possible to buy/sell particular types of cryptocurrencies.

The distinction between a cryptocurrency exchange and a cryptocurrency bureaux de change results from the differences in their business models.

Cryptocurrency bureaux de change provide their services both on the Internet and in land-based outlets. They enable their customers to buy or sell a certain amount of decentralised virtual currency units. They do not offer storage services for these units or private keys to access them.

Cryptocurrency exchanges offer a wider range of services. Buy and sell transactions involving cryptocurrency units can be concluded with a cryptocurrency exchange, as well as – based on matching buy and sell offers of its customers – between their different users. They also offer their customers management of electronic portfolios on their behalf.

An intermediary in real estate trading³⁸ – an entrepreneur conducting business activity in the field of real estate intermediation services – may participate in real estate trading. Real estate intermediation services consist in the paid performance of activities aimed at concluding agreements by other persons. The scope of real estate intermediation services is specified by a real estate intermediation agreement. The agreement must be executed in writing or in electronic form under pain of nullity. It is not possible to specify the actual number of real estate intermediaries as each entrepreneur may perform real estate intermediation activities, provided that they hold civil liability insurance for damage caused in connection with the performance of these activities.

According to the Statistics Poland data contained in the quarterly information on national economy entities, as at 31 December 2022, the National Official Business Register REGON included (excluding natural persons running only private farms) 21,878 entities (compared to 20,091 ones in 2021) reporting the activity defined by the Polish Classification of Activities (PKD) code – 6831Z, i.e. intermediation services in real estate trading³⁹.

³⁶<https://www.slaskie.kas.gov.pl/izba-administracji-skarbowej-w-katowicach/zalatwianie-spraw/rejestr-dzialalnosci-w-zakresie-walut-wirtualnych>

³⁷ <https://coinatmradar.com/bitcoin-atm-near-me/>

³⁸ Pursuant to Article 2(1)(18) of the *AML/CFT Act* intermediaries in real estate trading within the meaning of the Act on real estate management are obligated institutions, excluding real estate intermediation aimed at concluding a rental or lease agreement for real estate or part thereof, with a monthly rent in the amount lower than the equivalent of EUR 10,000.

³⁹<https://stat.gov.pl/obszary-tematyczne/podmioty-gospodarcze-wyniki-finansowe/zmiany-strukturalne-grup-podmiotow/kwartalna-informacja-o-podmiotach-gospodarki-narodowej-w-rejestrze-regon-rok-2022.7.10.html>, access on 20 March 2023

In accordance with Article 76a(1) of the *Accounting Act of 29 September 1994* (Journal of Laws of 2023, item 120, as amended), bookkeeping services are a business activity within the meaning of the provisions of the *Entrepreneurs' Law*, consisting in the provision of services in the area of:

- keeping accounting records based on accounting evidence, in which economic events are recorded in the chronological and continuous order;
- determining or verifying on a regular basis, by means of stocktaking, the actual balance of assets and liabilities;
- measurement of assets and liabilities and determining financial profit/(loss);
- drawing up financial statements;
- collecting and storing accounting evidence and other documents provided for in the aforementioned act.

Bookkeeping services may be rendered by any entrepreneur provided that bookkeeping activities are performed by persons who have full legal capacity and have not been convicted by a final court judgement of an offence against the reliability of documents, property, economic turnover, trading in money and securities, of a fiscal offence and of any offences specified in Chapter 9 of the aforementioned act. An entrepreneur conducting such activity is also required to conclude, no later than on the day preceding the first day of performing its business activity, a civil-liability insurance agreement for damage caused in connection with its economic activity in the field of bookkeeping services.

In accordance with Article 2(1)(16) of the *AML/CFT Act*, obligated institutions also include entrepreneurs within the meaning of the *Entrepreneurs' Law*, that are not other obligated institutions providing services in the area of:

- establishing a legal person or an organisational unit without legal personality;
- fulfilling a function of a member of the management board or enabling other person to fulfil this function or a similar function in a legal person or an organisational unit without legal personality;
- providing a registered office, address of establishment or address for correspondence and other related services to a legal person or an organisational unit without legal personality;
- acting or enabling any other person to act as the trustee of a trust established by means of a legal act;
- acting or enabling other person to act as a person exercising rights arising from stocks or shares to the benefit of an entity other than a company listed on the regulated market subject to the requirements related to information disclosure in compliance with the European Union law or subject to equivalent international standards.

Moreover, pursuant to Article 2(1)(15a) of the *AML/CFT Act*, obligated institutions include also entrepreneurs within the meaning of the *Entrepreneurs' Law*, whose core business involves the provision of services consisting in preparing tax returns, keeping tax books, providing advice,

opinions or explanations regarding tax or customs legal provisions, that are not other obligated institutions.

According to the Statistics Poland data contained in the quarterly information on national economy entities as at 31 December 2022, the National Official Business Register REGON included (excluding natural persons running only private farms) a total of 23,785 entities (compared to 21,256 in 2021) reporting the activity defined by the Polish Classification of Activities (PKD) code – 8211Z, i.e. office administration services⁴⁰. This sub-class covers “activities related to the day-to-day office administration such as reception services, financial planning, accounting, bookkeeping, HR services and mail delivery, performed on commission”.

In accordance with the information contained on the website of the Regional Revenue Administration Office in Katowice⁴¹, 1,850 entities were entered in the register of activities provided to companies and trusts as at 17 March 2023.

One of the banking activities specified in Article 5 of the *Act of 29 August 1997 – Banking Law* consists in providing access to a safe-deposit box, provided that such activities are performed by banks. However, providing access to safe-deposit boxes may also be economic activity within the meaning of the *Entrepreneurs’ Law*.

A relatively large category of obligated institutions comprising economic operators in various sectors is composed of entrepreneurs that accept or make cash payments for commodities in the amount equal to or exceeding the equivalent of EUR 10,000, regardless of whether the payment is made as a single transaction or as a series of transactions which seem to be inter-related. Although Article 19 of the *Entrepreneurs’ Law* obliges entrepreneurs to make and accept payments related to their business activity through their payment accounts, whenever the one-off value of a transaction, regardless of the number of resulting payments, exceeds PLN 15,000 or its equivalent, it applies only to business-to-business transactions.

In accordance with Article 2(1)(24a) of the *AML/CFT Act*, obligated institutions also include entrepreneurs within the meaning of the *Entrepreneurs’ Law*, conducting business consisting in:

- trade in or intermediation in the trade in works of art, collectibles and antiques within the meaning of Article 120(1)(1)-(3) of the *Act of 11 March 2004 on tax on goods and services* (Journal of Laws of 2022, item 931, as amended), also where such activity is carried out in art galleries or auction houses, or using a free port, understood as a zone or room where goods are treated as not located within the customs territories of the Member States or third countries, including the use of a duty-free zone;
- storage of works of art, collectibles and antiques, within the meaning of Article 120(1)(1)-(3) of the *Act of 11 March 2004 on tax on goods and services*, where such activity is carried out using a free port referred to above

⁴⁰<https://stat.gov.pl/obszary-tematyczne/podmioty-gospodarcze-wyniki-finansowe/zmiany-strukturalne-grup-podmiotow/kwartalna-informacja-o-podmiotach-gospodarki-narodowej-w-rejestrze-regon-rok-2022.7.10.html>, access on 20 March 2023

⁴¹<https://www.slaskie.kas.gov.pl/izba-administracji-skarbowej-w-katowicach/zalatwianie-spraw/rejestr-dzialalnosci-na-rzecz-spolek-lub-trustow>, access on 20 March 2023

- with respect to transactions with a value equal to or greater than the equivalent of EUR 10,000, regardless of whether the transaction is carried out as a single operation or several operations that appear to be related to each other.

The indicated new category of obligated institutions is to reduce the shadow economy in the area of alternative investments that have been developing dynamically recently. The group of obligated institutions that apply customer due diligence measures under the *AML/CFT Act* includes in this aspect, among others, organisations trading in works of art or acting as intermediaries therein (also if such trade is carried out through art galleries and auction houses), where the value of the transaction or series of related transactions is at least EUR 10,000.

Intermediaries in trade in works of art or persons storing such goods will also be obliged to perform similar activities. This concerns mainly art dealers, small galleries, and entrepreneurs offering the storage of works of art and collector's items. This applies to the so-called *free ports*⁴² – special zones where goods (including those of high value, such as works of art) may be stored for an unlimited period, without the obligation to pay taxes or duties on this account. If the value of such transactions or several related transactions is at least EUR 10,000, designated entities are also treated as obligated institutions.

In accordance with Statistics Poland data contained in the information on the activities of art galleries⁴³, it is known that as at the end of 2021⁴⁴, the above-mentioned activities were carried out in Poland by 313 art galleries (compared to 307 in 2020).

3. INFORMATION ON DATA SUBMITTED TO THE GIFI

3.1. INFORMATION ON SUSPICIOUS TRANSACTIONS

In 2022, 4,505 suspicious activity reports (SAR), i.e. descriptive notifications of suspicious activities and transactions, were registered in the IT system of the GIFI to be used in analytical proceedings conducted. The aforementioned notifications describe a few, several or even several hundred transactions (inter-related through parties thereto, circumstances in which a transaction was exercised, similar execution periods and/or involvement of the same assets) and their accompanying circumstances that the reporting institution/unit believes may be related to money laundering or financing of terrorism. These notifications often include additional data

⁴² A free port is a kind of duty-free zone where goods, including those of high value, such as works of art, may be stored for an unlimited period, without the obligation to pay taxes or duties on this account. The best known free ports are located in Switzerland. The Financial Action Task Force states in its publications that free ports – due to insufficient security regulations, poor inspections and supervision – may be used for money laundering and financing of terrorist activities.

⁴³<https://stat.gov.pl/obszary-tematyczne/kultura-turystyka-sport/kultura/dzialalnosc-galerii-sztuki-w-2021-roku,10.5.html>, access on 20 March 2023

⁴⁴ Statistics Poland data for 2022 is unavailable

and documents justifying the suspicion, and are aimed at facilitating the proceedings (e.g. account records, copies of the documents concerning transactions, etc.). The greater the spectrum of information provided in SARs, the greater the ability to swiftly verify received data and combine it with information from other sources, and the shorter the time to complete the activities the GIFI takes up in cooperation with the prosecutor’s office and law enforcement agencies. Descriptive notifications may include, in particular, information on the suspicion of the reporting entity that a crime has been committed, and on the accompanying circumstances. Table 4 shows the categories of entities submitting SARs to the GIFI (data for 2022 is presented against the data for the preceding years).

Table 4 – Number of SARs received in 2001-2022

| Period | Obligated institutions | Cooperating units | Other sources | Total |
|-------------------|------------------------|-------------------|---------------|-------|
| 2001 (since 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 |
| 2018 | 2,982 | 543 | 97 | 3,622 |
| 2019 | 3,696 | 294 | 110 | 4,100 |
| 2020 | 3,587 | 179 | 39 | 3,805 |
| 2021 | 3,574 | 251 | 27 | 3,852 |
| 2022 | 4,280 | 208 | 17 | 4,505 |

The number of descriptive notifications has remained high (more than 3,500 SARs per annum) for nine years now (Chart 3). 2022 was the fourth full year of the application of the amended SAR regulations, and the number of SARs was record high – more than 4,500, i.e. 17% more than in the previous year.

Chart 3 – The number of SARs received in 2006-2022

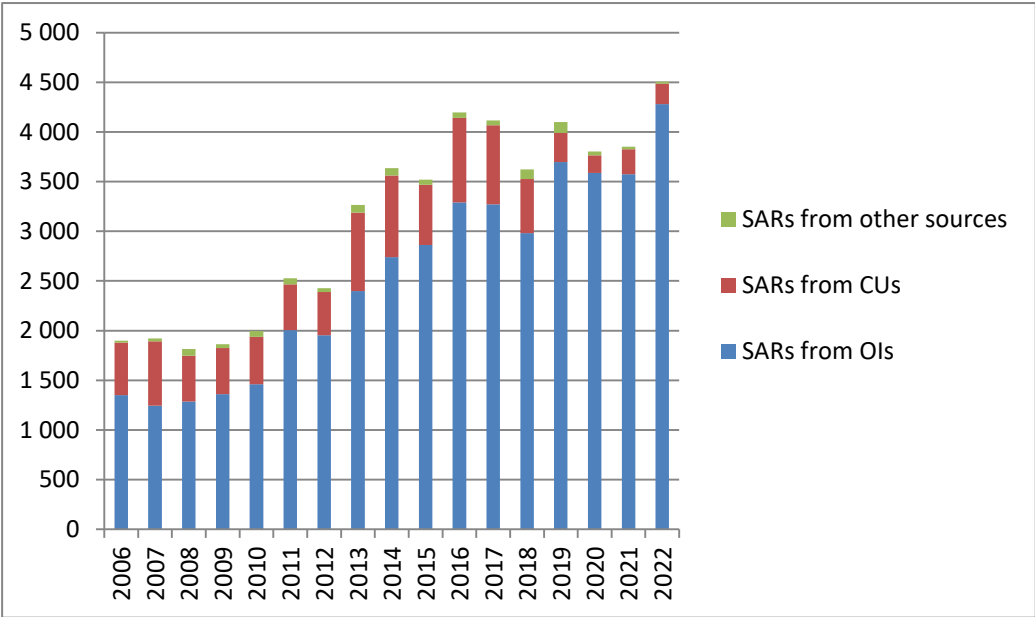
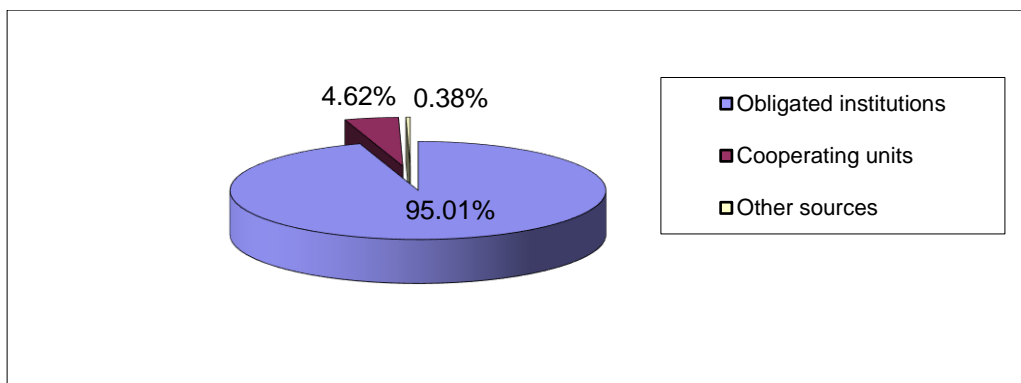


Chart 4 illustrates the percentage of suspicious activity reports received from the different sources of information.

Chart 4 – Sources of SARs in 2022

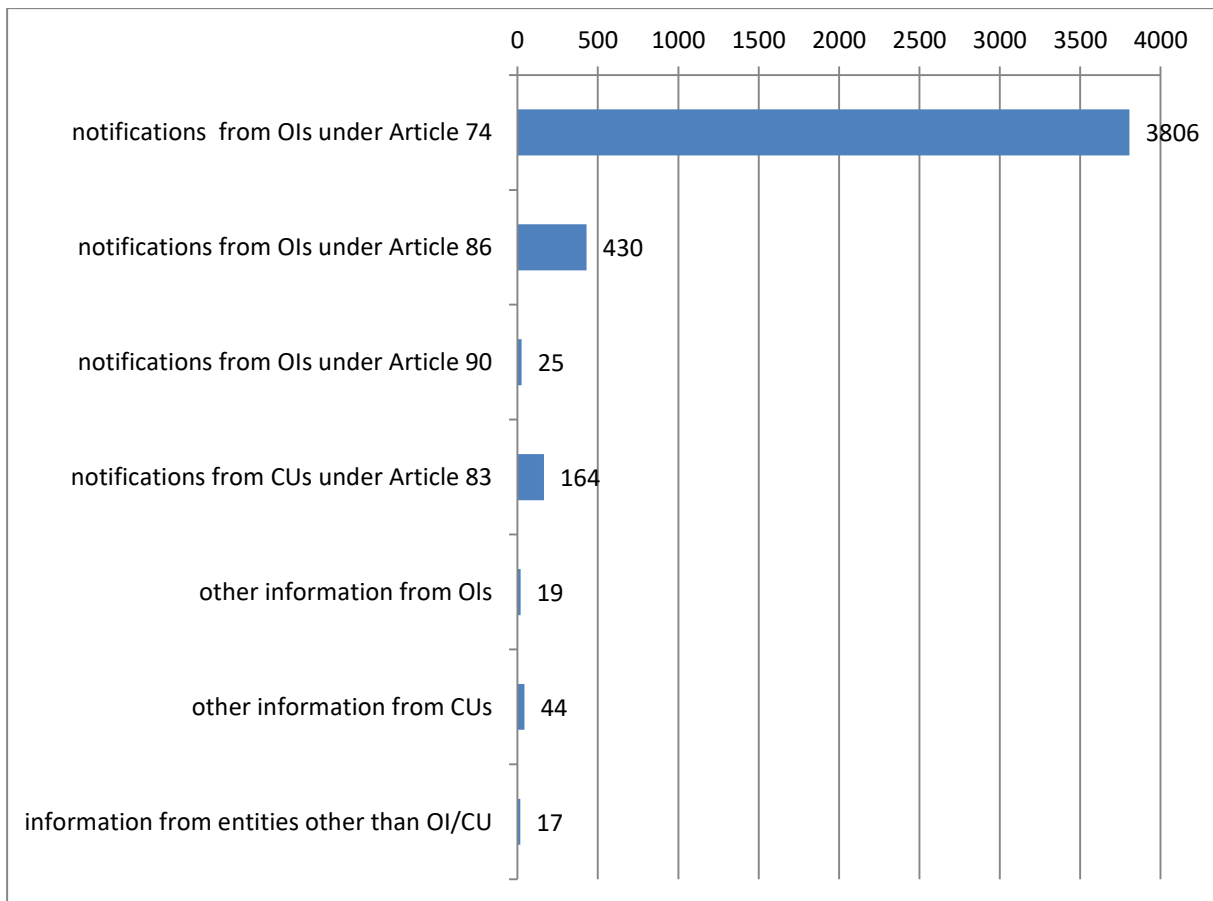


The total number of SARs registered in 2022 includes notifications and reports that differ in terms of the circumstances of the events they refer to as well as the premises and procedures for their submission to the GIFI. The applicable *Act on counteracting money laundering and financing of terrorism* specifies – in the following articles:

- 74 (notification by an obligated institution of circumstances that may indicate a suspected crime of money laundering or financing of terrorism),
- 83 (notification by a cooperating unit of a suspected crime of money laundering or financing of terrorism),
- 86 (notification by an obligated institution of becoming aware of a justified suspicion that a specific transaction or specific assets may be associated with money laundering or financing of terrorism),
- 90 (notification from an obligated institution of a transaction that the obligated institution reasonably suspects to be associated with money laundering or financing of terrorism, where the submission of the notification prior to the transaction was impossible),

different reasons for submitting by an obligated institution or a cooperating unit a SAR to the GIFI. Chart 5 shows the numbers of different types of SARs registered by the GIFI in 2022.

Chart 5 – Types of SARs in 2022



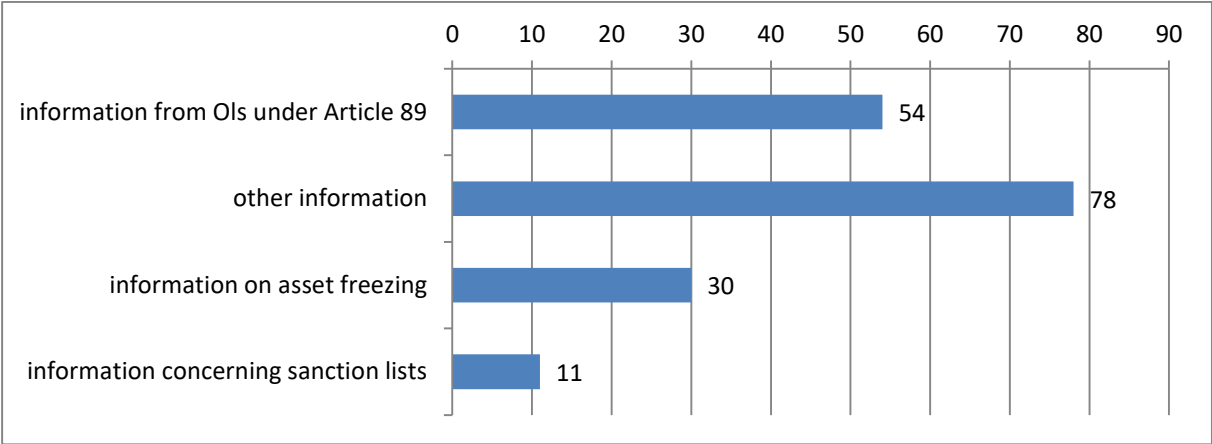
In 2022, 208 SARs from cooperating units (CUs) were registered, which represents a decrease compared to the previous year, when 251 SARs were registered.

In 2022, the GIFI recorded a record high number (4,280) of SARs from obligated institutions. As already mentioned in reference to Table 4, 2022 was the fourth full year when the amended reporting regulations were in force and the change in this respect took place in the second half of 2018. Therefore, when the year-to-year data is compared with adequate caution, the increase in the number of SARs in 2019-2022 compared to the directly preceding years may be associated with the removal of the suspicious transaction report (STR) from the categories of information that obligated institutions reported to the GIFI in the preceding years. In the previous years, the GIFI used to receive tens of thousands of such reports a year (in 2018, there were nearly 43 thousand STRs, whereby the overwhelming majority of them referred to information reported in SARs. In the current legal system, cases that referred to single transactions and formerly could be reported as STRs unrelated to simultaneously submitted SARs, had the form of descriptive notifications and were probably the reason for the increased number of SARs in 2019-2022. Regardless of the reason for the increase in the number of SARs, the upward trend in their number may result from an intensified analysis undertaken by the obligated institutions, e.g. in connection with the training activities of the GIFI (see Subchapter 6.4).

Besides SARs related to information on circumstances indicating a possible link with money laundering and/or financing of terrorism, the GIFI also receives other types of descriptive notifications that contain information on crimes other than money laundering and/or financing

of terrorism. The numbers of such notifications – that are included in ongoing analytical proceedings – registered in the GIFI’s ICT system in 2022 are presented in Chart 6.

Chart 6 – Types of SARs concerning crimes other than money laundering/financing of terrorism in 2022

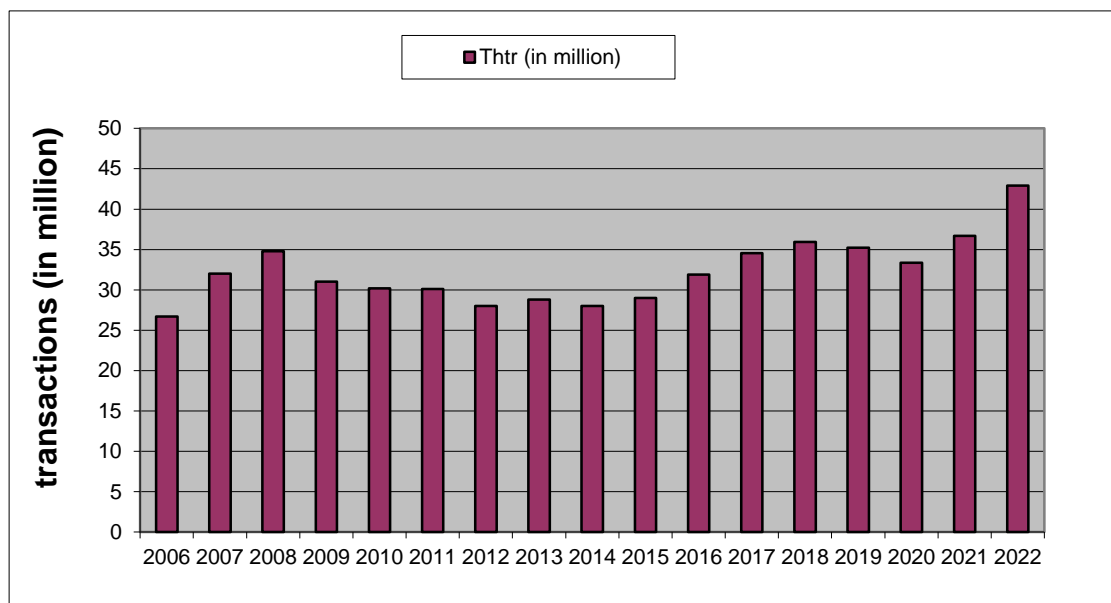


3.2. INFORMATION ON ABOVE THRESHOLD TRANSACTIONS

In 2022, the GIFI was informed about 42.9 million above threshold transactions (under Article 72 of the *AML/CFT Act* in force), the equivalent of which exceeds the statutory threshold (and also 12.1 thousand corrections thereto). This information is collected in the GIFI’s IT system and processed by the Department of Financial Information in the Ministry of Finance – both for analytical proceedings carried out by the GIFI and for the purposes of analyses carried out to respond to requests submitted by competent authorities. Information on the above transactions, reported pursuant to Article 72, is also made available in the source form to authorised bodies pursuant to the provisions of Article 105(2) of the *AML/CFT Act*.

The number of information on transactions of this type submitted annually to the GIFI remained at a similar level in recent years (Chart 7), to increase by nearly 17% in 2022. In 2022, there was, however, a significant decrease in the number of corrections sent by obligated institutions.

Chart 7 – Number of pieces of information on above threshold transactions received by the GIFI



Obligated institutions submit data on the above-mentioned transactions in aggregate or separately, in the form of a file, on a continuous basis (as opposed to the reporting deadlines valid by mid-2018, i.e. once a month until the 14th day after the end of each calendar month in which the transactions were registered). Currently, all data is transferred electronically, and besides transfer through the GIFI’s secure Internet website, which was the dominant method until 2018, the communication channel based on the network service of the ICT system of the GIFI, enabling the automation of the process on the part of the obligated institution, is widely used.

Data transfer through the secure Internet website makes it possible both to send a file with data on multiple transactions, generated in a relevant format by the system of the obligated institution (this solution was used in the past mainly by large institutions that reported many transactions on a monthly basis, but these institutions currently use mostly a new channel based on the network services of the GIFI’s ICT system), and to complete a form (being equivalent to the template of electronic document of the electronic transaction card) directly on the Internet website (this solution is used mainly by smaller institutions that report few transactions on a monthly basis).

Out of the aforementioned 42.9 million transactions, information about which was submitted to the GIFI databases in 2022, 4.44% were transactions classified by obligated institutions as cash deposits or withdrawals. This figure is comparable to that for 2021 (4.31%) and lower compared to 2017-2019 (6.08% in 2019, 6.26% in 2018, and 6.72% in 2017). While the decrease in previous years was systematic, this year’s figure is at a level similar to that in the previous year.

At the same time, 8.31% of transactions were classified by obligated institutions as coming from abroad, and this figure was similar to that recorded in the previous year, when this type of information accounted for 7.79% of all above threshold transactions.

More precise information obtained from reports submitted pursuant to Article 72 of the *AML/CFT Act* allow for better insight into the structure of information and its better classification, which makes it possible to better assess the risk associated with particular types of transactions, and also gives insight into relevant information (unavailable directly to the GIFI before 2020) on transactions particularly susceptible to risks related to money laundering or financing of terrorism. This is enabled by, for example, categorisation of information on fund transfers. As for data reported in the new manner since 2020, the GIFI obtained insight into the structure of the types of the process initiating funds transfers, to find out that while 84.92% of outgoing transfers were initiated as a result of ordering a “traditional” credit transfer or direct debit, the remaining 15.08% of above threshold transfers resulted from the execution of domestic or foreign money orders (7.64%) or from the execution of transfers initiated with the use of a payment card, electronic money instrument, mobile phone or other digital or IT device, or otherwise (7.44% in total).

The aforementioned 7.64% of above threshold transfers resulting from the execution of money orders in 2022 correspond to over 2,617,000 money transfers. On the other hand, in the same data sample, the aforementioned 7.44% of above threshold transfers resulting from the execution of an order initiated with the use of a payment card, electronic money instrument, mobile phone, other digital or IT device, or otherwise, correspond to nearly 2,550,000 money transfers. The percentage of particular groups of transfers related to remittances is very similar to that in the previous year, but the absolute numbers are significantly higher due to a 17% increase in the total number of transactions.

A similar situation occurs thanks to the categorisation of information on fund transfers from abroad. As for the reported data, the GIFI obtains not only information on more than twice as many transfers of this type than before 2020 (which constitute a group more susceptible to ML/TF risks than other transfers), but also an insight into the structure of the manner in which a fund transfer is initiated. It was established that 76.32% of above threshold transfers from abroad resulted from the execution of transfer orders, 11.52% of them reached Polish obligated institutions as a result of the execution of money orders, and 12.16% of transfers from abroad were classified by the receiving obligated institutions as resulting from the execution of a different type of order. In absolute numbers, this corresponds to, respectively, over 2,719 thousand transfers from abroad, over 410 thousand remittances from abroad, and over 433 thousand fund transfers from abroad of other type. In absolute numbers, these figures are significantly higher than in 2021 due to a 17% increase in the total number of transactions. As for the proportion, it is noteworthy that the percentage of credit transfers decreased by 4 percentage points in favour of transfers coming from abroad, classified by the obligated institutions receiving them as resulting from the execution of “another type of order”.

The presented absolute volumes of various types of information show, on the one hand, the scale of the issue related to the efficient combination of collected information with other data sources, and, on the other hand, show the ability to differentiate procedures for information classified to different risk areas. In 2019, this concerned only part of the information on above threshold transactions, while in the case of the information collected in the following years, it was already possible for information on all transactions entering the ICT system of the GIFI.

The received information on transactions was made available in the ICT system of the GIFI as input data for further analyses. In particular, this information was subjected to automatic

analytical processes. For example, all information on transactions was verified for possible links with entities suspected of financing of terrorism or entities from high-risk/sanctioned countries. Links between information on transactions and other types of information available in the system (e.g. with inquiries of external entities – a prosecutor’s office, foreign FIUs, etc.) are automatically searched for, to be then used in analytical proceedings or to be transferred to external entities (as a response to a request for information or on the initiative of the GIFI). The above-mentioned links were searched for with the use of the analytical models available in the ICT system of the GIFI, to be used both in the processes of automatic report generation and in *ad hoc* analyses for the purposes of a specific problem.

Information on above threshold transactions is used both for the extraction of data on the accounts of suspicious entities and information on transactions themselves, being a helpful source of data used in analytical proceedings. Information on transactions is available for analysis both in a simple form, where by asking a question about a specific entity or account, it is possible to access the collected data, and the source for the analysis of links – by using the search facility in the database of inter-related objects (bank accounts, entities), i.e. those being in a defined type of relationship (e.g. entities or bank accounts inter-related through the transaction chain). This type of analysis of links as regards accounts applies only to accounts the information of which has been extracted from information on above threshold transactions – in 2022, the GIFI did not have direct access to other database of accounts that would enable this type of analysis.

4. ANALYSES

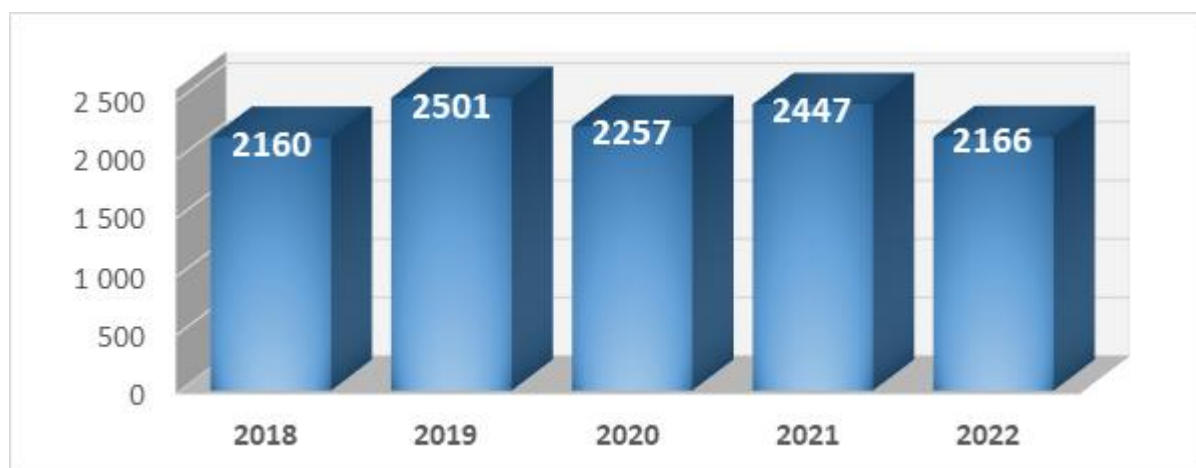
4.1. COUNTERACTING MONEY LAUNDERING

Obtaining, collecting, processing and analysing information in accordance with the provisions of the *AML/CFT Act* and taking action to counteract money laundering and financing of terrorism is the basic task of the GIFI. When performing this task, the GIFI examines the course of transactions with respect to which it has reasonable suspicion, provides authorised entities with information about transactions, and obtains requested information from obligated institutions, as well as cooperates with foreign institutions and international organisations dealing with counteracting money laundering or financing of terrorism. All the above-mentioned activities are undertaken in order to conduct comprehensive analysis of the collected information in terms of a crime involving money laundering or financing of terrorism that could have been committed by suspected entities. The analysis is aimed at substantiating that assets subject to the respective transactions originate from proceeds from a prohibited act.

4.1.1. Analytical proceedings and their effects

In 2022, the GIFI initiated 2,166 analytical proceedings regarding suspected money laundering or financing of terrorism. Compared to 2021, the number of initiated proceedings decreased by 11.5% (see: Chart 8).

Chart 8 – Number of analytical proceedings initiated in 2018-2022

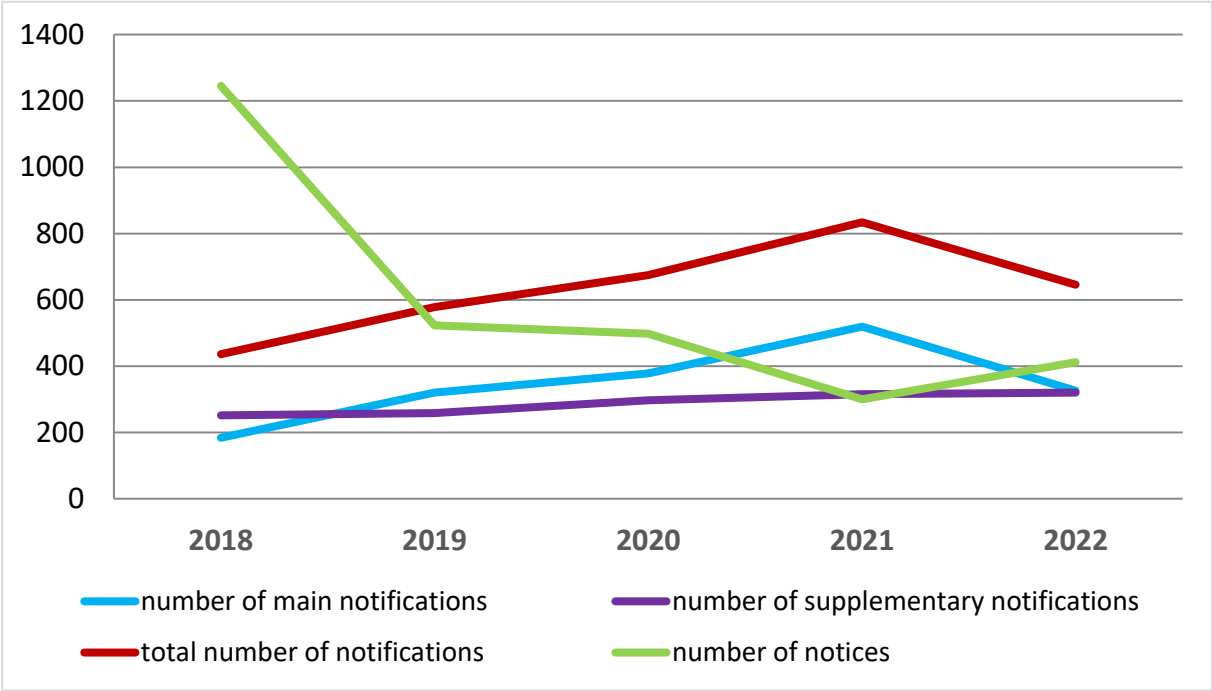


Source: the GIFI's own data

As a result of the analyses carried out in 2022, 326 notifications of suspected crimes involving money laundering (the so-called main notifications) were submitted to prosecutors' offices. Compared to 2021, the number of notifications sent to prosecutors' offices decreased by 37%, but this number was comparable to those recorded in 2019 and 2020 (see: Chart 9 and Table 5). The amount of assets covered by the main notifications submitted to prosecutors' offices in 2022, converted into PLN, amounted to over PLN 2.87 billion.

Having submitted a notification on a suspected money laundering crime, the GIFI most often obtains and processes additional information on previous or subsequent transactions carried out by entities and persons whose activities were the subject of the main notification, requests data from foreign financial intelligence units or additional information on counterparties or related entities. The collected materials and the findings of additional analyses are transferred to the prosecutor’s office as the so-called supplementary notifications (in 2022, the GIFI prepared 320 such notifications). The total amount of assets that were the subject of suspected crimes in the supplementary notifications amounted to approximately PLN 0.5 billion.

Chart 9 – Numbers of notifications to the prosecutor’s office and notifications submitted in 2018-2022 to authorised bodies and units



Source: the GIFI’s own data

Table 5 – Numbers of notifications to the prosecutor’s office and notifications submitted in 2018-2022 to authorised bodies and units

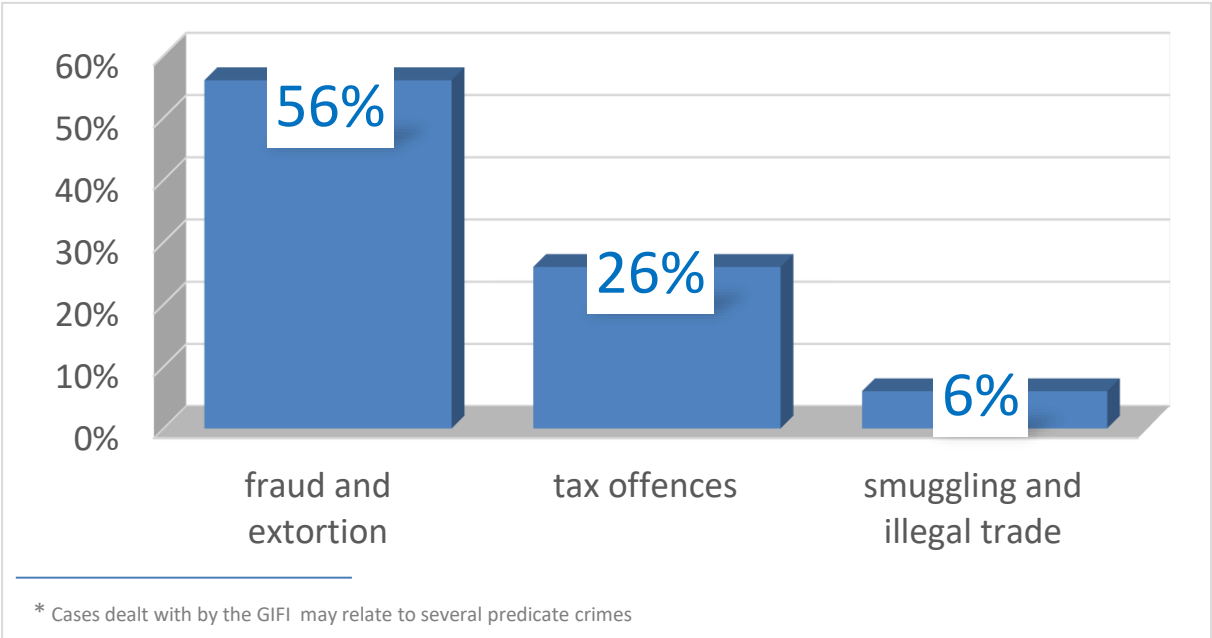
| notifications and notices | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------|-------|------|------|------|------|
| number of main notifications | 184 | 320 | 378 | 519 | 326 |
| number of supplementary notifications | 252 | 258 | 297 | 315 | 320 |
| total number of notifications | 436 | 578 | 675 | 834 | 646 |
| number of notices | 1,245 | 523 | 498 | 300 | 412 |

Source: the GIFI’s own data

As many as 56% of the main notifications concerned suspected laundering of money from benefits related to various frauds and extortions, 26% of them were related to fiscal crimes, while 6% of the notifications concerned smuggling and illicit trade (see: Chart 10). At the same time, it should be emphasised that the GIFI’s notifications may concern several predicate crimes. According to the GIFI, the first of these groups includes crimes relating to:

- investment, consisting in making natural persons, often foreigners, unfavourably dispose of property by offering these persons fictitious investment mainly in cryptocurrencies;
- impersonating another person or a contractor and persuading mainly businesses to order payments to fraudsters’ accounts;
- phishing to obtain data enabling access to financial products or other confidential information enabling fund theft.

Chart 10 – Percentage of the most common predicate crimes in the GIFI’s notifications of 2022 (by case type)



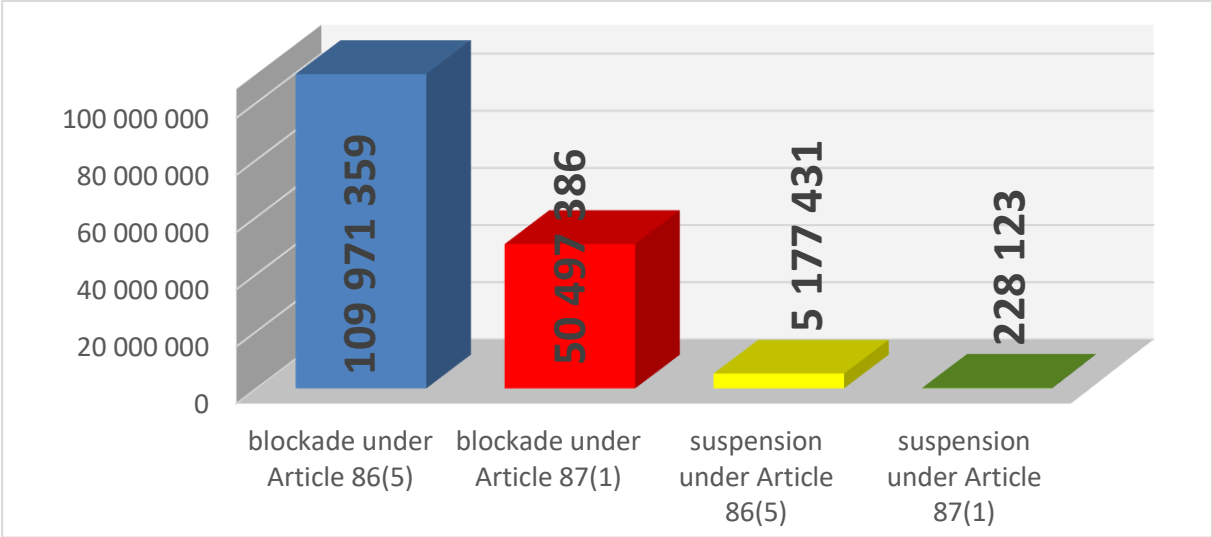
Source: the GIFI’s own data

Having received notifications from obligated institutions pursuant to Article 86 of the *AML/CFT Act*, the GIFI blocked 392 accounts with funds of a total value of almost PLN 110 million⁴⁵ and suspended 37 transactions for a total amount of over PLN 5.17 million (see: Chart 11). The value of such blocked account and suspended transactions increased compared to 2021

⁴⁵ The amounts of funds on blocked accounts are estimated ones and their actual amount may be higher due to the specific characteristics of account blocking – while an account remains blocked by the GIFI, it can still be credited, but it is not possible to withdraw or transfer funds deposited on it to other accounts.

by 30%, even though the number of blocked accounts fell by more than half (823 accounts were blocked in 2021).

Chart 11 – Total value of blockades/suspensions in 2022 with the legal grounds

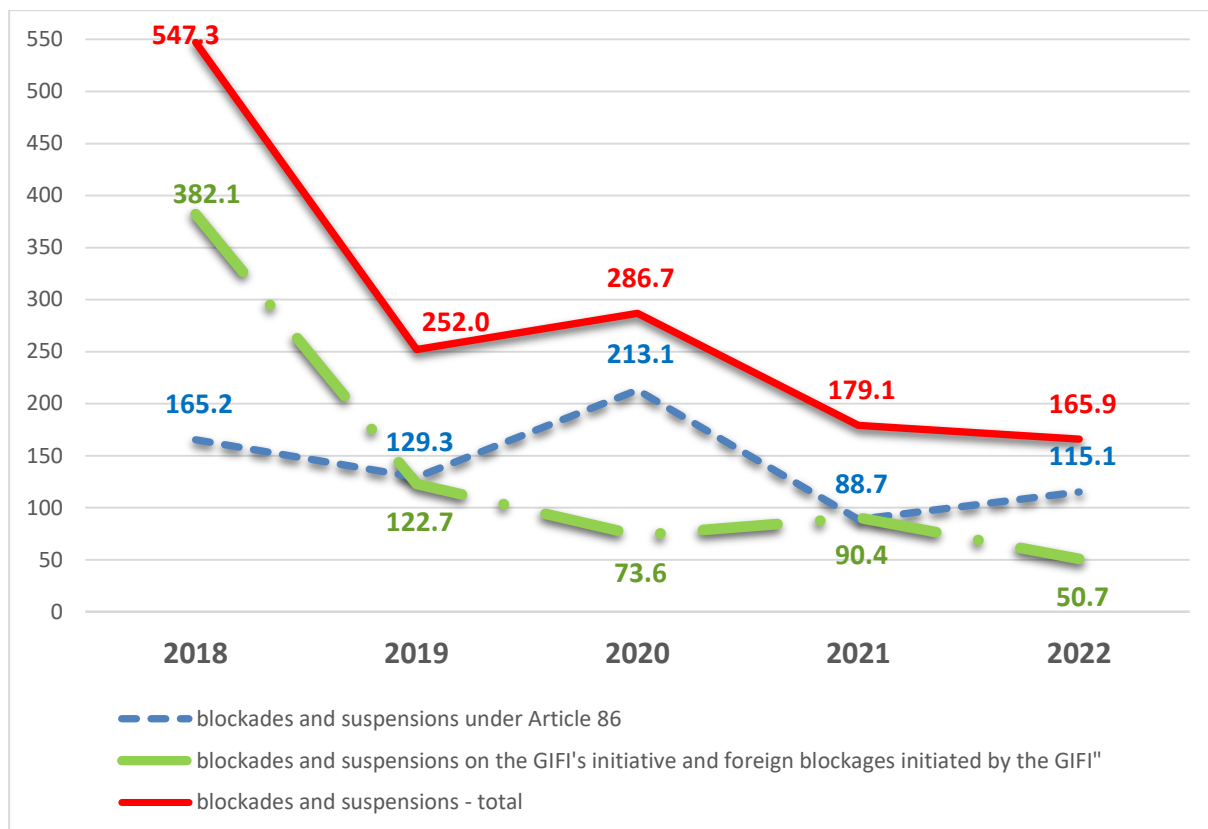


Source: the GIFI's own data

In 2022, the GIFI, on its own initiative, blocked 317 accounts for a total amount of PLN 44.2 million. Blockades initiated by the GIFI and carried out by foreign financial intelligence units concerned 6 accounts with the equivalent of PLN 6.3 million. In 2022, the GIFI suspended on its own initiative 6 transactions worth PLN 228 thousand. The total value of blockades and suspensions made in 2022 amounted to PLN 165.9 million⁴⁶ and slightly decreased compared to the previous year, when it amounted to PLN 179.1 million.

Chart 12 – Value of transaction blockades and suspensions in 2018-2022 (in PLN million)

⁴⁶ Including the value of blockades effected by foreign financial intelligence units and initiated by the GIFI.



Source: the GIFI's own data

The GIFI sent 412 notifications to the authorised bodies, including (see: Table 6):

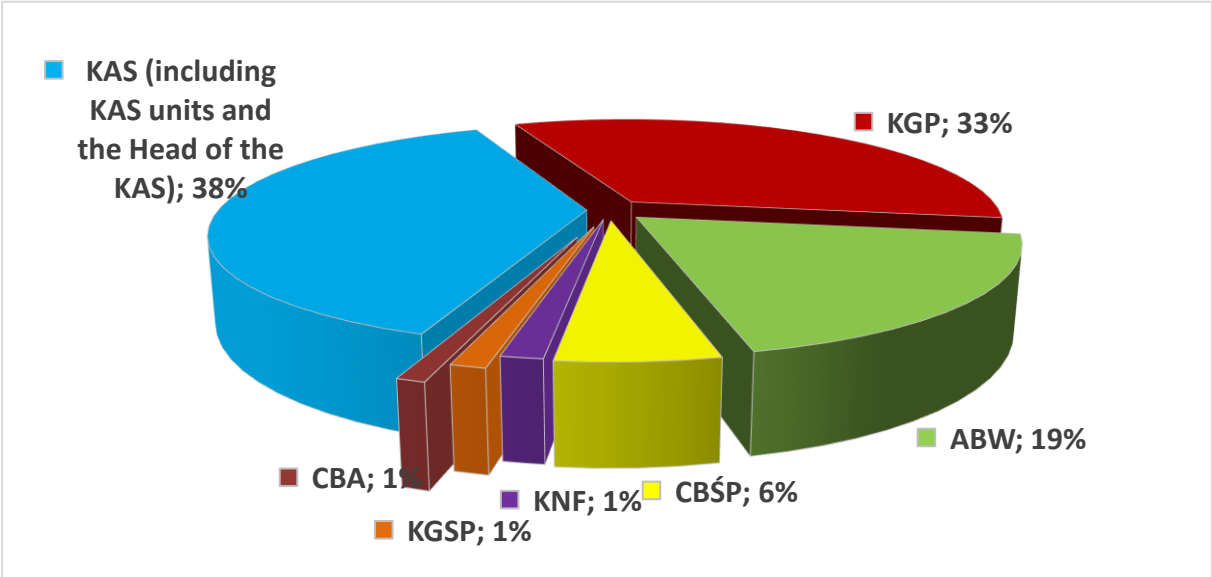
Table 6 – Numbers of notifications transferred to authorised bodies in 2022

| Cooperating units | Number of notifications |
|---|-------------------------|
| Police Headquarters and Central Investigation Bureau of the Police | 161 |
| bodies of the National Revenue Administration (including the Head of the National Revenue Administration) | 158 |
| Internal Security Agency (including the Anti-Terrorist Centre) | 78 |
| Polish Financial Supervision Authority | 6 |
| Border Guard Headquarters | 5 |
| Central Anti-Corruption Bureau | 4 |

In 2022, the GIFI's notifications addressed to the Police authorities (39%) and the National Revenue Administration authorities (38%) prevailed. The GIFI informs the central Police authorities of suspected crimes other than money laundering and financing of terrorism. Most of the notifications sent to the National Revenue Administration authorities concern suspected tax offences related to VAT. The other notifications contain information regarding the suspicion of concealing the object of taxation, understatement of revenue, undisclosed income or tax offences related to goods imports. Moreover, pursuant to Article 113(2) of the *AML/CFT Act*,

the GIFI provided the cooperating units with information (65 pieces of information) previously obtained from foreign financial intelligence units (FIUs), with their consent.

Chart 13 – Percentage of notifications sent by the GIFI by cooperating units



Source: the GIFI's own data

In 2022, the largest number of notifications was sent by the GIFI on its own initiative to the National Revenue Administration bodies (see: Chart 13). As in the previous years, an overwhelming majority of these notifications concerned suspected tax offences related to VAT. These notifications covered problems related to understatement or non-disclosure of turnover due to forging or hiding invoices, extortion of input VAT, “missing trader” fraud, carousel fraud, and intra-Community transactions. Some 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.

The notifications submitted by the GIFI to the National Revenue Administration bodies were often used by these bodies to initiate control proceedings to verify the correctness of calculation and payment of taxes accounting for the State budget income, including personal income tax, corporate income tax, and value added tax. The results of control proceedings repeatedly indicated that the controlled entities had not conducted the actual declared business activity, had been issuing “blank” VAT invoices that were then used by buyers to unduly diminish output VAT, which depleted the amounts due to the State Treasury. Furthermore, the aforementioned control proceedings indicated that the controlled entities did not pay VAT amounts to the competent tax office, as demonstrated on sale invoices they issued. The findings of the control proceedings and the collected evidence were used to initiate inquiries concerning fiscal offences, resulting afterwards in investigations under the supervision of prosecutor’s offices. As a result of the coordination of actions, the GIFI participated in such prosecutors’ investigations, providing evidence consisting of the analyses of financial flows and blocked

accounts where it could reasonably suspect that the identified assets originated from proceeds from a prohibited act.

The GIFI also provided a significant number of notifications to the Police, including the Central Bureau of Investigation of the Police. The information contained in the aforementioned notifications was used by the aforementioned bodies to undertake their statutory activities that resulted, among others, in instigation of preparatory proceedings. The information submitted by the GIFI was also used in pending proceedings.

Another large group of notifications contained information provided to the Internal Security Agency. The notifications included data regarding transactions that could be related to a suspicion of a prohibited act, the examination of which falls within the competence of the Agency, including identifying, preventing and detecting crimes against the economic foundations of the State and its security, identifying, preventing and detecting any acts of corrupting public servants, and any offences concerning manufacture or trading in goods, technologies and services that are of strategic significance for the security of the State, illegal production or possession of and trading in weapons, ammunitions and explosives, weapons of mass destruction as well as intoxicants and psychotropic substances in international trade.

Notifications including a comprehensive analysis of suspicious and economically unjustified financial flows submitted by the GIFI on its own initiative, following their verification and completion of their statutory activities by law enforcement agencies, constituted comprehensive evidence providing sufficient grounds for the initiation of an investigation or were incorporated into pending criminal proceedings. The information sent by the GIFI was also repeatedly used by prosecutors to prepare written requests to the GIFI for disclosure of the information collected in accordance with the procedure and within the scope provided for in the Act for the purposes of pending criminal proceedings. Preparatory proceedings carried out in connection with the notifications sent by the GIFI made it possible to present charges of committing a crime to a number of people and to recover assets worth several million. In many cases, the coordination of activities carried out by the GIFI and the competent law enforcement agencies enabled arresting members of criminal groups and blocking bank accounts with assets derived from proceeds from prohibited acts.

4.1.2. Examples of analysis directions (including sanitised cases)

Laundering money from extortion

The case concerns two limited liability companies owned by citizens of a country neighbouring Poland. The account of company A was credited with transfers from several foreign entities (mainly from country C and country D), as payment for invoices. The transactions raised the bank's doubts, which – as part of applying customer due diligence measures – demanded clarifications regarding the nature of these transactions. As substantiation, the company presented copies of contracts and invoices that raised suspicions as to their authenticity. The documents concerned the rental of construction equipment, which was inconsistent with the declared scope of business of company A. The alleged transactions also had no economic justification – e.g. a company from country D would not rent single, simple devices in Poland to use them in country D because it would incur high transport costs. Doubts were also raised by the fact that all documents, in particular contracts signed with foreign contractors, were only

in Polish and without information about an identical copy in English. Due to a justified suspicion that the funds that credited the company's account originated from extortion, the GIFI demanded that the company's account be blocked and sent a notification to the prosecutor's office. These suspicions were confirmed within a short period – the bank received a SWIFT message from the foreign bank informing that the payment was the result of fraud. The account of company B was credited with transfers from a large group of individuals probably from country E and country F, as payment for access to an internet platform whose name was very similar to the website of another project Y regarding support in starting innovative types of business activity. The website of company B was also graphically similar to that of this project, but the offer concerned, among others, assistance in obtaining a Polish visa, permanent residence card or taxi licence. The above gave legitimacy to the suspicion that the similarities were intentional and were to mislead that this offer was also part of project Y, whose participants included renowned entities, including universities. The aim was to extort high fees for ordinary official activities. In view of the above, the GIFI requested that the account of company B be blocked as well.

Laundering money from trade in cryptocurrency

In September 2022, the GIFI received a notification pursuant to Article 86(1) of the *AML/CFT Act*, from a cryptocurrency trading company, with a request to suspend the purchase of BTC/Bitcoin ordered by X (natural person), due to the fact that the card used to pay for the purchase belonged to another person. In the course of the proceedings, it was established that: X signed up for the company's services and since then purchased virtual currencies via the website using many different payment cards issued by various domestic and foreign banks for various natural persons. Several of the attempts were successful. Another attempt to purchase virtual currency by the above-mentioned person using in the online system a payment card issued for another person, prompted the obligated institution to notify the GIFI pursuant to Article 86 of the *AML/CFT Act*.

Due to the rejection of the payment card by the system, the online service withheld the funds and asked the client to provide documents confirming the source of the transferred funds. The client refused to submit the required documents and requested a refund. The GIFI established that the above-mentioned payment card had been issued by one from banks for Y (natural person), and not as declared by X during the transaction – for Z (natural person). The credit card with the number indicated above, issued to the account opened by the above-mentioned bank for Y, had been cancelled some time ago by the bank after the client's conversation with the investment advisor due to suspected fraud, and was no longer valid. On the same day, other accounts were closed and other cards maintained or issued for Y by the bank were cancelled. According to the provided information Y was the victim of a fake investment offer made by an unidentified person over the phone, and due to the installation in the phone of software enabling remote access to the account to third parties, he lost funds in an undetermined amount. The analysis, collected documentation, and information held showed that X, using different payment cards issued by different banks for different people, probably participated in a criminal practice involving laundering of money from fraud or fund extortion to the detriment of natural persons, including the funds swindled out of Y, the bank's client. The funds obtained through the criminal practice were used to purchase virtual currencies via the website, which was to extend the transaction path, thwart or significantly hinder the determination of the criminal origin of these funds and disguise this criminal practice.

Money laundering using a straw man – registration of a fake account on the website of an entity dealing with bookmaking

The analysis of the information collected in the case showed that a natural person could act as a straw man and could share their personal data and image with an unknown person, who then used it to register a player's account on the website of a bookmaking company. To the above account on the website, 13 payments with a Revolut payment card were made on a single day (the payments were made from 10:07 pm to 11:49 pm – 12 deposits of PLN 3,000 each and one deposit of PLN 500.00) in the total amount of PLN 36,500.00. Funds in the amount of PLN 20,000.00 were then to be withdrawn (according to the payment order). The above scheme could indicate that the player's account on the bookmaking company's website was to be used only to broker funds most likely from crime. According to the content of the notification submitted by the bookmaker to the GIFI, the funds on the player's account were supposed to be the player's savings. After the analysis of the player's tax data by the GIFI, it was found that the person concerned did not show any income in 2000-2022. Additional doubts of the notifying obligated institution and the GIFI were raised by the collected documents submitted by the client in the form of scans and PDF files, which showed interference in the data included in these documents. The analysis of the bank accounts maintained by one of the banks for the above-mentioned persons showed that these accounts were credited by natural persons using titles indicating cryptocurrency trading. The funds were paid out in cash using the Blik system once they had been booked or transferred between this person's own bank accounts and then paid out in cash. The same bank also indicated that it monitored other accounts opened with it, with similar transactions being carried out, suggesting false investments in cryptocurrencies. Moreover, the analysis of the information gathered in the case indicated that the bank accounts of various natural persons (straw men), including the natural person covered by the bookmaker's notification, were credited with funds from numerous natural persons, with titles indicating payments for orders placed on fake websites. According to the analysis, profiles of actual business entities, or ones existing in the past, were created on business websites, that apart from real data of such entities (such as NIP (tax identification number), REGON statistical number, address), included fake website addresses. After placing an order and making a payment on such fake website, funds were transferred to the bank accounts of natural persons to be paid out in cash or transferred to profiles set up in an exchange office service and transferred to bank accounts kept mainly in two EU countries.

Money laundering through online banking phishing

The case was opened by the GIFI based on a notification submitted pursuant to Article 86 of the *AML/CFT Act* by a company maintaining players' accounts on an online betting site. Immediately after opening an account by a citizen of country A (a 19-year-old person), it was credited through numerous payments from a payment card (many times within one day) in amounts ranging from PLN 700 to over PLN 8,000. The verification transfer from the account indicated for withdrawals from the player's account was made from a bank account maintained for a citizen of country B. The player's account was credited only with the use of payment cards (four different cards) – no bank transfers were recorded. The client of the obligated institution did not start placing bets immediately after the first deposit was made, but accumulated funds on the player's account. The assets were declared to originate from remuneration for work. The obligated institution prevented its client from using the player's account and demanded that he submitted documents confirming the legality of the funds used for betting. During the analysis

of the client's transactions by the obligated institution, the latter received a letter from the Police station regarding verification being carried out with respect to unfavourable disposal of assets through online banking phishing. The Police established that the player's account maintained by the obligated institution was credited with funds transferred using a payment card. Two deposits were indicated in the letter with a request to provide information about the owner of the player's account and prevent the funds from being withdrawn. The obligated institution analysed the deposits made but it did not find transactions that would correspond to the transactions indicated by the Police in terms of the payment amount and time. However, by inspecting the payment panel of the payment institution providing services to the obligated institution, it was found that the client of the latter institution tried to make exactly the same payments at the specified times, but these attempts were unsuccessful, which, according to the obligated institution, confirmed that their client was the person indicated in the Police letter. Having received the notification, the GIFI took joint actions with the Police and took steps to identify the owners of the cards used to make the payments to the player's account. The citizen (from country B) from whose bank account the verification transfer was made was also verified. According to the information received from the Police the scheme of the deception consisted in sending a link by criminals in which they impersonated one of the well-known sales portals. By clicking the link the victim was moved to an external bank selection website and then to the login page. According to the instructions contained in the message from the auction portal, the victim was supposed to collect in this way funds for an item put on sale on the portal. After a series of authorisations, the victim was asked to enter their card details along with the CVC code. The analysis of the information about the holders of the cards with which the player's account was credited showed that in the case of one of the victims, the criminals, after gaining access to this person's bank account, took out a loan of over PLN 30 thousand on their behalf, which was paid by the bank to the victim's account, from which part of the funds was then transferred for the purchase of cryptocurrencies, and most of the remaining amount was transferred to the obligated institution that sent the notification to the GIFI. The victim reported the fraud to the Police. The remaining two cards belonged to subsequent victims who had already filed complaints regarding unauthorised transactions with their banks, and the fourth card belonged to the aforementioned citizen from country B. The collected information enabled the GIFI to suspend transactions on the player's account and report the suspicion of committing a crime to the prosecutor's office. The funds were then secured by the prosecutor's office to be soon returned to the victims.

Laundering money from a pyramid scheme/extortion

Funds from investors' payments made to bank accounts in tax havens as part of a pyramid scheme, after having been transferred to Polish bank accounts maintained for a company belonging to one of the organisers of the aforementioned pyramid, were used to start his development business in Poland. Financial operations on the accounts of the aforementioned company were typical of the real estate development industry – the company incurred costs of land purchase or remuneration of designers and contractors, and as a consequence, obtained revenue from customers purchasing the constructed residential buildings. After approximately 5 years from the start of this business, some of the real estate previously purchased by the company was sold, and the funds obtained were transferred, under the guise of a fictitious loan, first to a Polish bank account maintained for a company registered in country A, and then to a bank account in one of the African countries, maintained for another company registered in that

country. Both the company from country A and the African company were related to the Polish citizen sought under an international arrest warrant for fraud committed in Poland. It cannot be ruled out that the funds transferred to Africa, originally coming from the aforementioned pyramid scheme, were, according to the available information, reinvested in real estate on one the African coast islands.

Laundering money extorted from aid for Ukraine

As part of the analysis carried out by the GIFI, it was found that company H, which in mid-2022 was purchased from a natural person, recorded in many cases conducted by the GIFI, was credited with cash in the total amount of PLN 1.5 million, as a “loan” ordered by another company W, which was previously funded by foundation M. The analysis of the case carried out by the GIFI showed that company W was also funded by another foundation N. Both foundations received funds from a non-governmental non-profit organisation providing meals to people affected by wars and disasters (in this case, the funds were probably intended to help refugees from Ukraine, specifically to finance meals for them). It should be noted that one of the foundations had a website with information on aid for Ukraine, but when the account of company H was blocked by the GIFI, company H deleted its website from the Internet a few days later. Part of the funds received was transferred by company H to the bailiff and to the auction house. The analysis of the case showed that a significant portion of the funds (intended to help refugees) was transferred to companies and business entities linked personally and through capital with company H, as payments for VAT invoices, loans and shareholder contributions. The GIFI blocked on its own initiative the company’s account and sent a notification to the competent prosecutor’s office.

Laundering money from extortion

The case was initiated based on a notification from an obligated institution regarding suspicious transactions carried out on bank accounts for natural persons (two women with Polish citizenship and a foreigner). The analysis of the transactions showed that the man’s account was credited mostly with transfers from abroad sent by third parties. Most of the accumulated funds were used for payments in casinos located outside the Republic of Poland. The accounts of the first woman (A) were credited, among others, with transfers from abroad. Part of the funds was transferred to the above account of the aforementioned man and that of the other woman (B). Moreover, numerous transactions with a bookmaking company were recorded on account A. The information obtained from open sources showed that the man may be a member of an organised criminal group operating abroad, and the funds transferred from abroad may come from extortion. Information about the man’s involvement in an organised criminal group was confirmed by a foreign financial intelligence unit. Based on this information, the GIFI sent a notification to the prosecutor’s office in connection with the suspicion of laundering money from extortion.

Laundering money from tax fraud

1. The case was initiated based on a notification from an obligated institution concerned about high financial inflows made in a short period (over PLN 6 million within 4 months) to the accounts of three entities – limited liability companies, registered at the beginning of 2022 and

represented by one person (person X). The aforementioned deposits included mainly transfers from other business entities also represented by person X or entities related to a third party (person Y). The accumulated funds were then transferred to an entity issuing prepaid cards (that are normally paid by employers who then present them – most often as a form of benefit from the employing establishment or a bonus – to their employees). Such cards may be used for specific purposes (e.g. to pay for meals) or as standard payment cards (also with the option of cash withdrawal) – the employer determines how the funds may be spent, i.e. what products are purchased. When establishing a relationship with the bank, the CEO of the aforementioned limited liability companies declared that he employed approximately 40 employees. A comparative analysis of the declared number of employees and the funds allocated to the entity issuing prepaid cards showed that each employee would receive a “bonus” worth approximately PLN 160,000. The GIFI’s analysis of the case in question also showed numerous irregularities regarding taxes (lack of SAF-Ts for a certain period of business operation, a similar situation in the case of VAT-7 returns (high probability of showing fictitious purchases)).

Further analysis of the case also showed that the CEO of the aforementioned companies was related to over a dozen other limited liability companies, and person Y had a criminal record related to economic crime and was the subject of another GIFI’s notification related to financial transactions of a similar nature as that of the case in question (i.e. the same issuer of prepaid cards was the recipient of funds). Therefore, the GIFI blocked funds on the limited liability companies’ accounts reported by the obligated institution and sent a notification to the prosecutor’s office regarding the suspicion of laundering money being the benefits of tax fraud.

2. The analytical case was opened based on notifications from one bank maintaining accounts for five entities from country A, represented by individuals from country A. Polish accounts of these entities were credited by a group of several Polish companies (as payment for invoices issued by companies from country A), registered in several virtual offices in one of the Polish cities on the eastern border, with a minimum share capital paid by individuals from country A. The deposits were paid also by several entities from country B, one of which had an account in a Polish bank, and the others transferred funds directly from their accounts in banks from country B. In the course of the analysis, it was found that the Polish entities showed a high value of sales of goods and services outside Poland, and, on the other hand, minimum (from several to a few dozen PLN thousand) domestic acquisitions, showing no imports from abroad or intra-Community acquisition of goods (from country B). The GIFI sent information to the financial intelligence units in countries A and B in connection with the suspicion of VAT fraud by companies A and B, as well as a notification pursuant to Article 106(1) of the *AML/CFT Act* to the locally competent Customs and Tax Office regarding the suspicion of a fiscal offence committed by Polish entities. A month later, the GIFI received feedback that its materials had been forwarded by the head of the customs and tax office to the competent prosecutor’s office that initiated based on them an investigation under Article 299(1) and (5) read together with Article 12(1) of the Penal Code.

Using a false document to disguise the source of funds

The case was opened by the GIFI based on a notification submitted pursuant to Article 86 of the *AML/CFT Act* by an entity providing services in the field of exchanging virtual currencies for other means of payment. The notification indicated a citizen of country A, with an address of residence in country B, who purchased virtual currencies through a Polish obligated

institution. Virtual currencies were purchased via the website of the Polish company using cards issued by foreign banks. The virtual currency purchase orders included also the USDT⁴⁷, BTC and ETH addresses to which the purchased cryptocurrencies were to be transferred after each order. What raised suspicions of the obligated institution was a significant number of transactions made within a short period and the systematically growing value of a single transaction – initially, the transactions were in the range of EUR 1.5-3 thousand, to reach approx. EUR 10 thousand. The obligated institution, using customer due diligence measures, requested the citizen of country A to provide documents confirming the origin of the assets. The analysis of the submitted documents carried out by the obligated institution showed that the citizen of country A had received the funds from a company from country C, trading in gold and silver. Due to its numerous doubts, the obligated institution requested further documents and bank statements from the client. The client provided again a bank statement and documents allegedly confirming the sale of real estate from which, according to the new statement, the client financed the recent purchases of cryptocurrencies. The analysis of the provided documents showed that the previously provided bank statements from country B had been forged. Moreover, the obligated institution found in open sources information that a person with the same first name and surname and at the same age as its client was detained in country A in 2011 as a result of an investigation into the shipment of stolen cars to the Middle East and Africa. The analysis of the provided materials enabled the GIFI to suspend the cryptocurrency purchase transaction and send a notification of suspected money laundering to the prosecutor's office. The GIFI also requested its foreign partners for access to information in the case. In response, the GIFI received confirmation that the citizen of country A was the subject of numerous SARs sent by foreign entities to foreign FIUs and was a person described in the media.

Use of credit card accounts

The case was opened by the GIFI based on a notification sent by a bank pursuant to Article 86 of the *AML/CFT Act*. According to the notification the credit card account maintained by the bank for a natural person was credited mainly by companies related to that person (family ties) in the last three months in the total amount of over PLN 200,000, while the card limit was PLN 3.5 thousand. The card was therefore systematically overpaid and used as a personal account, and the funds were used for payments made with the credit card, including purchases in different countries, purchases of airline tickets, online purchases, and payments for hotels. Moreover, a significant part of the funds (over PLN 100 thousand) was transferred as card payments to Revolut. According to the bank's notification the person for whom the card was issued was of interest to the prosecutor's office and was covered by proceedings under Article 258 and Article 299 of the Penal Code. The GIFI consulted the prosecutor conducting the proceedings and suspended outgoing transactions made with the credit card. A decision was also made to request the competent foreign FIU to block the Revolut account belonging to the Polish citizen. The account was blocked, and the prosecutor's office prepared and sent a freezing injunction to the prosecutor's office in the country where the Polish citizen had the Revolut account.

⁴⁷ Tether

4.2. COUNTERACTING FINANCING OF TERRORISM

The main goal of the GIFI in the area of counteracting financing of terrorism is to cut terrorist organisations off their financing sources. The statutory tasks of the GIFI provide for obtaining, collecting, processing and analysing information in accordance with the statutory provisions and transferring it to the competent state authorities. Due to the variety of sources used to finance terrorism, the analysis covers both transactions reported to the GIFI as suspicious, as well as legal transactions carried out by entities in circumstances that give rise to suspecting them of being related to financing of terrorism. Information used to initiate analyses comes mainly from the cooperating units and the banking sector.

When performing its statutory tasks in the area of counteracting financing of terrorism in 2022, the GIFI initiated 7 analytical proceedings regarding transactions that could be related to financing of terrorism. The proceedings were conducted based on information received from the cooperating units and obligated institutions, as well as information or requests received from foreign financial intelligence units (hereinafter referred to as FIU).

The proceedings initiated based on information from obligated institutions concerned usually transactions carried out by natural persons from countries with higher terrorist risk, i.e. ones where terrorist groups are active, and from countries where military operations are carried out. The GIFI examined in such cases the flows on personal bank accounts and money transfers involving these individuals. In cooperation with the Anti-Terrorist Centre of the Internal Security Agency⁴⁸, the GIFI analysed the links with individuals or entities from countries with increased terrorist risk and identified their links with terrorist organisations. Verification of suspicions of financing of terrorism led in some cases to their confirmation or detection of illegal commercial activities unrelated to financing of terrorism, or on the contrary – to confirmation that certain transactions were carried out as legal financial activities connected, for example, with family or business ties with entities established in countries with increased terrorist risk.

Cooperation with foreign FIUs

Requests for information and spontaneous information related to financing of terrorism received from foreign FIUs, based on which analytical proceedings were initiated, usually related to transactions carried out by individuals residing in the territory of the Republic of Poland, who received funds from natural persons suspected of having links with terrorist groups or transferred funds to such natural persons. The GIFI verified such information, possibly extending its verification to include additional information, and then transferred it to the Internal Security Agency.

Cooperation with the Internal Security Agency

In 2022, the GIFI received 15 requests from the Internal Security Agency for information on individuals and entities suspected of financing terrorism. The GIFI replied to all requests, forwarding the information received from obligated institutions to the Internal Security Agency.

⁴⁸ The Anti-Terrorist Centre of the Internal Security Agency is a coordination and analytical unit dedicated to counteracting and combating terrorism, among others, with respect to obtaining information on money laundering or fund transfers that may be evidence of financing of terrorism.

In some cases, the information provided by the GIFI was supplemented with information received from foreign FIUs.

Additional information

As a result of analyses related to the aforementioned issues, the GIFI sent, pursuant to Article 106/106(1a) of the *AML/CFT Act*, a total of 11 notifications to the Internal Security Agency.

The GIFI is a member of the Inter-ministerial Team for Terrorist Threats (ITTT) which is an ancillary body of the Council of Ministers, that is to ensure cooperation of the governmental administration in the identification, prevention and counteracting terrorist threats. The basic tasks of the Team include: monitoring terrorist threats, presenting opinions and conclusions to the Council of Ministers, developing draft standards and procedures regarding counteracting terrorism, initiating and coordinating activities undertaken by the competent bodies of the governmental administration, as well as organising cooperation with other states in the area of counteracting terrorism, etc.

5. CONTROLS

5.1. INFORMATION FROM WHISTLEBLOWERS

Pursuant to Article 80 of the *AML/CFT Act*, the GIFI receives reports of actual or potential violations of the provisions on counteracting money laundering and financing of terrorism from employees and former employees of obligated institutions or other individuals who perform or performed activities for obligated institutions on a basis other than an employment relationship. Therefore, in order to fulfil this obligation, the GIFI makes it possible to submit the above-mentioned reports in an electronic form to the e-mail address: signalisci.GIIF@mf.gov.pl, or send them in paper form to the correspondence address indicated by GIFI.

Based on the information received by the GIFI in 2022, 64 cases were entered in the whistleblowing register. Identified irregularities concerned, among others, suspected fiscal offences, failure to perform obligations under the *AML/CFT Act* by obligated institutions, suspicious transactions or illegal business activity. Some of the reports received by the GIFI were transferred to the competent authorities so that they could perform their statutory tasks (tax offices, revenue administration regional offices, the National Bank of Poland, etc.), and some of them were used by the GIFI to perform its own statutory tasks. The remaining reports that contained information that did not refer to actual or potential violations of the provisions on counteracting money laundering and financing of terrorism, as well as information that could not be used by other authorities, were left unexamined.

5.2 CONTROLS PERFORMED BY THE GIFI

Pursuant to the provisions of the *AML/CFT Act*, in 2022, the GIFI carried out 8 controls in the following obligated institutions:

- banks – 3,
- notary public – 1,
- auction house – 1,
- obligated institutions referred to in Article 2(1)(12) of the *AML/CFT Act* – 3.

The controls revealed irregularities in the fulfilment of the obligations under the *AML/CFT Act* by the obligated institutions. As a result of the controls carried out, a total of 148 irregularities related to formal and substantive shortcomings were found. The identified irregularities included, among others:

1. Formal shortcomings:

- failure to implement the assessment of the risk of money laundering and financing of terrorism referred to in Article 27 of the *AML/CFT Act* or to adapt it to the provisions thereof;

- failure to implement internal procedures regarding AML/CFT provisions referred to in Article 50 and Article 53 of the *AML/CFT Act* or to adapt them to the provisions of the Act.

2. Substantive irregularities:

- failure to apply the customer due diligence measures referred to in Article 34(1)-(4) of the *AML/CFT Act*;
- failure to perform or improper performance of an analysis and assessment of risks related to a business relationship or an occasional transaction, as referred to in Article 33(2)-(3) of the *AML/CFT Act*;
- failure to comply with the obligation provided for in Article 41 of the *AML/CFT Act* where the application of the customer due diligence measures is not possible;
- failure to apply the enhanced customer due diligence measures referred to in Article 43 of the *AML/CFT Act*;
- failure to meet the obligation under Article 46(1) of the *AML/CFT Act*, i.e. to determine whether a customer or a beneficial owner is a politically exposed person, in accordance with Article 2(2)(3), Article 2(2)(11) and Article 2(2)(12) of the *AML/CFT Act*;
- failure to meet the obligation under Article 46(2) of the *AML/CFT Act*, regarding business relationships with politically exposed persons referred to in Article 2(2)(3), Article 2(2)(11) and Article 2(2)(12) of the *AML/CFT Act*;
- failure to meet the obligation to ensure the participation of employees fulfilling the obligations associated with counteracting money laundering and financing of terrorism in training programmes referred to in Article 52 of the *AML/CFT Act*;
- violation of the obligation to provide the GIFI with information pursuant to Article 72 of the *AML/CFT Act*;
- failure to meet the obligation to notify the GIFI, in accordance with Article 74 of the *AML/CFT Act*, of any circumstances that may indicate the suspicion of a crime involving money laundering or financing of terrorism;
- failure to carry out the suspicious transaction notification procedure pursuant to Article 86 of the *AML/CFT Act*;
- failure to record discrepancies between the information collected in the Central Register of Beneficial Owners and the information regarding the customer's beneficial owner determined by the company, and failure to take steps to explain the reasons for those discrepancies – pursuant to Article 61a of the *AML/CFT Act*;
- failure to meet the obligation to apply the specific restrictive measures referred to in Article 117 of the *AML/CFT Act*, due to the failure to verify the presence of persons and entities on the sanction lists referred to in Article 118 of the *AML/CFT Act*.

As for the identified violations, the GIFI issued post-control recommendations to the obligated institutions to enable them to fulfil their obligations under the *AML/CFT Act*. It was recommended, among others, to:

- formally appoint a person/persons from the senior management staff responsible for the performance of the duties set out in the *AML/CFT Act*, in accordance with its Article 6, and to appoint a person responsible for implementing the obligations set out in this Act, in accordance with its Article 7, as well as an employee responsible for supervising the compliance of the obligated institution's operations with the relevant regulations – in accordance with Article 8 of the Act in question;
- update the internal regulations currently in place in the obligated institution in order to achieve full compliance with the provisions of the Act and eliminate irregularities relating to Article 50(2)(2), Article 50(2)(4), Article 50(2)(6) and Article 50(2)(10) of the Act;
- take action to reliably fulfil the obligations under Article 34(1)(1)-(4) of the Act, i.e. identify the customer and verify their identity; identify the beneficial owner and take reasonable steps in order to: verify the beneficial owner's identity, determine its structure of ownership and control – in the case of a client that is a legal person, an organisational unit without legal personality or a trust; each time assess business relationships and, as appropriate, obtain information on their purpose and intended nature, as well as monitor on an ongoing basis the customer's business relationships;
- apply, as appropriate, enhanced customer due diligence measures referred to in Article 43 of the *AML/CFT Act*;
- take action to ensure that the obligated institution will reliably fulfil the obligation to verify customers and beneficial owners in terms of holding by them politically exposed positions, in accordance with Article 46 of the *AML/CFT Act*;
- fulfil the obligation under Article 46(2) of the *AML/CFT Act*, regarding business relationships with politically exposed persons;
- identify and assess the risk of money laundering and financing of terrorism related to their activities, taking into account risk factors related to customers, countries or geographical areas, products, services, transactions or their delivery channels, and prepare the aforementioned risk assessment, i.e. fulfil the obligation referred to in Article 27(1) and (3) of the *AML/CFT Act*;
- adapt/introduce procedures, in accordance with Article 50 and Article 53 of the *AML/CFT Act*;
- ensure the participation of persons performing duties related to counteracting money laundering and financing of terrorism in training programmes in order to enforce the application of statutory requirements, in accordance with Article 52 of the *AML/CFT Act*, as well as the requirements provided for in the internal procedures of the obligated institutions;
- verify customers' presence on the sanction lists referred to in Article 118 of the *AML/CFT Act*;
- ensure mandatory application of Article 41(1) of the *AML/CFT Act*, so that if one of the customer due diligence measures referred to in Article 34(1) of this Act cannot be applied, not to establish business relationships with the customer, not to carry out

occasional transactions, not to carry out transactions via bank accounts, or terminate business relationships, as appropriate.

Pursuant to Article 144 of the *AML/CFT Act*, information on the findings of inspections carried out by the GIFI inspectors was provided to the supervising institutions for further official use.

In 2022, in connection with the inspection carried out, the GIFI also sent 4 notifications to the prosecutor's office of the suspicion of committing a crime with the characteristics of the act specified in Article 156(1) of the *AML/CFT Act*.

5.3. CONTROLS CARRIED OUT BY THE SUPERVISORY INSTITUTIONS

Pursuant to the provisions of Article 131(5)(3) of the *AML/CFT Act*, the supervisory institutions provide the GIFI with information on the findings of controls carried out. According to the data held by the GIFI, a total of 603 controls were carried out in 2022, of which:

- The National Bank of Poland carried out 489 controls,
- The Polish Financial Supervision Authority carried out 16 controls,
- Customs and Tax Control Offices carried out 25 controls,
- ministers, voivodeship governors and poviats governors carried out 8 controls,
- The National Association of Cooperative Savings and Credit Unions carried out 4 controls,
- Presidents of Courts of Appeal conducted 61 on-site visits.

5.4. ADMINISTRATIVE PROCEEDINGS REGARDING IMPOSITION OF ADMINISTRATIVE SANCTIONS

Pursuant to the provisions of the *AML/CFT Act*, proceedings concerning imposition of administrative sanctions on obligated institutions for irregularities in the performance of the obligations referred to in Article 147, Article 148 and Article 149 of the *AML/CFT Act*, are conducted in accordance with the provisions of the Code of Administrative Procedure. Imposition of administrative sanctions is part of the GIFI competence. When determining the type and amount of an administrative sanction, the GIFI takes into account the circumstances listed in Article 150(4) of the *AML/CFT Act*, including the gravity of the infringement and its duration, as well as the scope of the obligated institution's responsibility and its financial capacities. The GIFI conducts administrative proceedings following its own controls and controls carried out by Heads of Customs and Tax Control Offices, Presidents of Courts of Appeal, the National Association of Cooperative Savings and Credit Unions, ministers, voivodeship governors, and poviats districts. The number of administrative proceedings conducted by the GIFI is also closely related to the number of inspections carried out by it.

In 2022, the GIFI initiated 16 administrative proceedings. Six of them were initiated in connection with irregularities identified as a result of controls carried out by the GIFI, while the remaining 10 proceedings were initiated as a result of controls carried out by other authorities. In 2022, the GIFI completed 21 proceedings with administrative decisions regarding the imposition of administrative sanctions.

In 2022, the Minister of Finance received 9 appeals against the decisions of the GIFI. As a result of the appeal proceedings, the Minister of Finance issued a total of 9 administrative decisions, including 7 decisions to uphold the decisions of the first instance authority. In 2022, 4 complaints against the decisions of the Minister of Finance were filed with the Voivodeship Administrative Court. In 2022, the Minister of Finance prepared a response to one appeal against the sentence.

6. NATIONAL COOPERATION

In 2022, the GIFI continued cooperation with domestic entities.

Competent authorities – primarily the prosecutor’s office and other law enforcement agencies – used the data held by the GIFI. Information collected in the manner and to the extent specified in the *AML/CFT Act* was made available by the GIFI at the request of courts and prosecutors for the purpose of criminal proceedings in accordance with Article 104 of the *AML/CFT Act*. Information on transactions was also transferred by the GIFI on request to the services subordinated to and supervised by the minister competent for the interior: the Police and the Border Guard, as well as the Heads of the Internal Security Agency, the Military Counter-Intelligence Service, the Central Anti-Corruption Bureau (hereinafter referred to as CBA) under Article 105(1) of the *AML/CFT Act*. Other bodies authorised to obtain transaction information included the Head of the National Revenue Administration, Directors of the Revenue Administration Regional Offices, heads of customs and tax control offices, and other bodies in accordance with Article 105(3) of the *AML/CFT Act*.

Since 13 July 2018, the organisational units of prosecutor’s offices have been obliged to provide information on issued decisions to block a bank account or suspend a transaction, initiate proceedings, present charges and bring an indictment, in cases related to a crime involving money laundering or financing of terrorism, under Article 81 of the *AML/CFT Act*. The other law enforcement agencies authorised to conduct criminal proceedings (as well as other cooperating units) submitted notifications of a suspected crime involving money laundering or financing of terrorism under Article 83(1) and (2) of the *AML/CFT Act*.

The quantitative data analysis concerning the exchange of information with domestic entities shows stabilised cooperation with the GIFI. There was, however, a decrease in the number of requests sent to the GIFI by organisational units of the prosecutor’s office. At the same time, once again there was an increase in the information provided by organisational units of the prosecutor’s office under Article 81 of the *AML/CFT Act*.

It should be also emphasised that since 13 July 2018, there have been more authorities referred to as law enforcement agencies, that may request information from the GIFI. 2022 was the fourth full year when these authorities could use the information held by the GIFI. These authorities currently include:

- Police Commander in Chief,
- Commander of the Central Bureau of Investigation of the Police,
- Commander of the Central Office for Combating Cybercrime,
- Commander in Chief of the Border Guard,
- Commander in Chief of the Military Police,
- Internal Supervision Inspector,
- Commander of the Bureau of Internal Affairs of the Police,
- Commander of the Bureau of Internal Affairs of the Border Guard.

Furthermore, since 13 July 2018, under Article 105(3) of the *AML/CFT Act*, requests for information may also be submitted by the following authorities:

- minister competent for public finance – with respect to the request referred to in Article 11(2) of the *Gambling Act of 19 November 2009*,
- minister competent for foreign affairs – within its statutory competences with respect to the application of specific restrictive measures.

6.1.1. COOPERATION WITH ORGANISATIONAL UNITS OF THE PROSECUTOR'S OFFICE AND COURTS

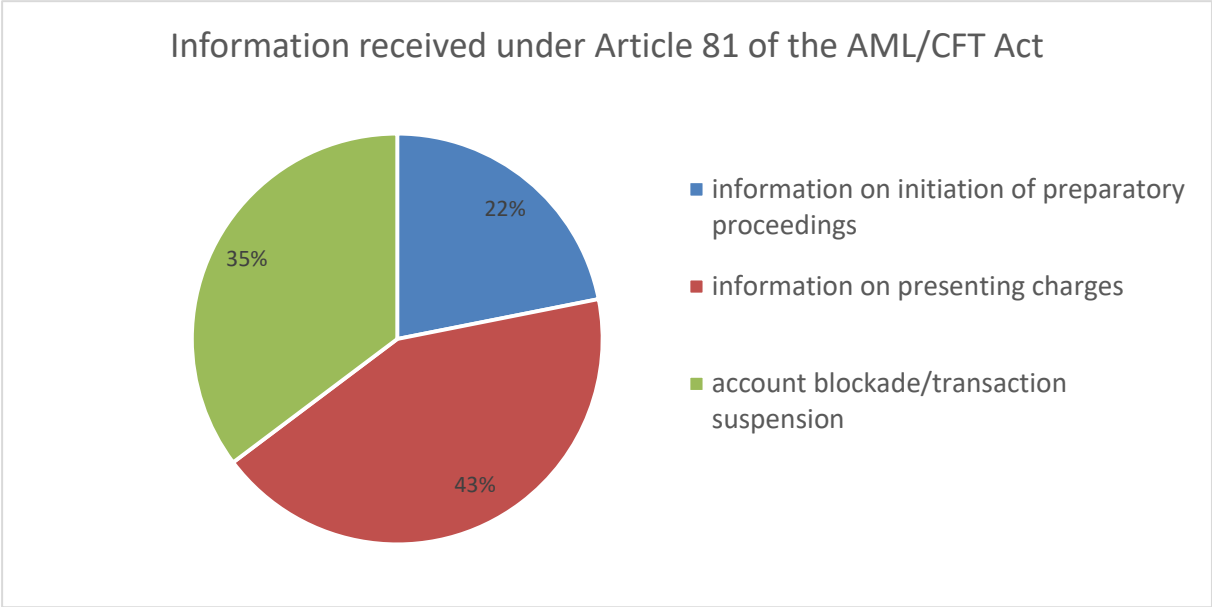
Pursuant to Article 104 of the *AML/CFT Act*, in 2022, the GIFI received from organisational units of the prosecutor's office 631 requests for information concerning at least 3,156 entities (in 2021, the GIFI received 769 requests for information concerning 4,598 entities). It should also be emphasised that the requests submitted in 2022 concerned at least 2,300 bank accounts.

Over the last years, the cooperation with the prosecutor's office has become more effective, as confirmed by the still large number of requests for information submitted to the GIFI by organisational units of the prosecutor's office. Starting from 2014, organisational units of the prosecutor's office submitted over 500 requests for information each year, which represents a significant increase compared to the preceding years (in 2013, 400 requests were recorded), while in 2017-2019, the number of such requests submitted per annum was over 700. In 2022, just like in 2021, there was an increase in the number of such requests that referred to and were largely aimed at establishing assets. Furthermore, with the use of requests for information and the information thus obtained, the organisational units of the prosecutor's office were able to present charges to suspects to a greater extent, in particular under Article 299 of the Penal Code.

In 2022, the GIFI also received 9 requests for information from courts concerning 17 entities. For comparison, in 2021, the GIFI received 12 requests for information concerning 20 entities.

In 2022, the GIFI received 329 pieces of information under Article 81 of the *AML/CFT Act* from organisational units of the prosecutor's office (the prosecutor notifies the GIFI of issuing a decision to block a bank account or suspend a transaction, initiation of proceedings, presenting charges and bringing an indictment in cases related to a crime involving money laundering or financing of terrorism), which represents a significant increase compared to 2021, when this figure was 278.

Chart 14 – Breakdown of information received from organisational units of the prosecutor’s office under Article 81 of the *AML/CFT Act* in 2022



In 2022, most of the transferred information concerned initiation of proceedings regarding a suspicion of the crime referred to in Article 299 of the Penal Code (72 pieces of information) or presenting charges under this provision (141 pieces of information). In a dozen or so such cases, the organisational units of the prosecutor’s office requested the GIFI also to consider undertaking its statutory activities to block bank accounts or suspend transactions.

Based on the information submitted by the competent authorities under Article 81 of the *AML/CFT Act*, the GIFI undertook its statutory activities to cut criminals off assets, thus preventing them from legalising proceeds from prohibited acts. As a result of such cooperation, the GIFI sent to the competent organisational units of the prosecutor’s office – based on the information received – notifications of the suspected crime referred to in Article 299 of the *Penal Code*.

In 2022, just like in previous years, the organisational units of the prosecutor’s office also happened to submit in a single letter information under Article 81 of the *AML/CFT Act*, requesting at a time information under Article 104(1) of the *AML/CFT Act*, which facilitated more effective and more efficient exchange of information. The GIFI recorded 49 such cases

It should be emphasised that acting in accordance with Article 81(4) of the *AML/CFT Act*, the GIFI immediately notifies the prosecutor of being in possession of information related to the information submitted under Article 81(1) of the *AML/CFT Act*. In 2022, information provided by organisational units of the prosecutor’s office was frequently related to information held by the GIFI. In such situations, whenever a positive response from the GIFI was obtained, the information held by the GIFI was requested, which in many cases had an impact on further

procedural activities carried out by organisational units of the prosecutor's office, e.g. in the form of extending the range of charges presented to suspects.

In 2022, secure electronic information exchange channels were used to cooperate with organisational units of the prosecutor's office. The said secure electronic information exchange channels were also used by the GIFI to obtain information from the obligated institutions from which information was received on transactions covered by the provisions of the *AML/CFT Act* for the purposes of cooperation between the GIFI and organisational units of the prosecutor's office. It was largely due to the subject of the requests, that concerned a large number of entities or a large number of accounts. Providing this data in an electronic version, and even more in an editable form, greatly accelerated the process of handling the requests. Furthermore, such cases also related to accelerating the response by the GIFI, due to urgent procedural activities carried out by organisational units of the prosecutor's office.

In 2022, cooperation with the organisational units of the prosecutor's office was continued through participation of representatives of the Department of Financial Information in initiatives aimed at exchanging experiences in the field of counteracting money laundering and financing of terrorism. These initiatives made it possible to disseminate good practices to ensure more effective cooperation between the GIFI and representatives of organisational units of the prosecutor's office.

6.1.2. COOPERATION WITH THE NATIONAL REVENUE ADMINISTRATION BODIES

In 2022, the GIFI received 148 requests from the heads of customs and tax control offices regarding 563 entities, which means a decrease in the number of submitted requests compared to 2021, when the GIFI received 203 requests concerning 583 entities.

As part of this collaboration, an increase in the effectiveness of cooperation with the National Revenue Administration bodies could still be observed. In 2022, the exchange of request-related correspondence repeatedly resulted in the commencement of further cooperation between the authorities under Article 83 of the *AML/CFT Act*. As a result of this cooperation, the GIFI sent to the competent organisational units of the prosecutor's office – based on the information received from the National Revenue Administration bodies – notifications of a suspected crime referred to in Article 299 of the *Penal Code*. The statutory activities undertaken by the GIFI were also intended to cut criminals off assets, and thus prevent them from legalising funds derived from proceeds from prohibited acts, in this case in particular from fiscal offences.

In 2022, the GIFI also received 75 requests for information from directors of revenue administration regional offices regarding 126 entities, compared to 98 requests received in 2021 with respect to 241 entities.

In 2022, representatives of the management of the Department of Financial Information took part in quarterly meetings with the KAS management, during which they had the opportunity to share information on good practices aimed at ensuring more effective cooperation between the GIFI and the organisational units of the KAS.

Moreover, in January 2022, a representative of the Department of Financial Information participated in a meeting organised for the heads of branch divisions of the Department for Combating Economic Crime in the Ministry of Finance.

6.1.3. COOPERATION WITH BODIES SUBORDINATED TO THE MINISTER OF THE INTERIOR

In 2022, pursuant to Article 105(1) of the *AML/CFT Act*, the GIFI received 111 requests for information from Police organisational units, that concerned 975 entities, whose significant part was submitted by authorised individuals representing the Criminal Bureau of the Police Headquarters, the Office for Combating Economic Crime of the Police Headquarters, and the Central Investigation Bureau of the Police. As in previous years, cooperation related to the processing of requests for representatives of the Police bodies was smooth and effective.

However, it should be emphasised that in 2022, there was a decrease in the number of requests compared to 2021, when the GIFI received from organisational units of the Police 131 requests regarding 811 entities.

Moreover, in 2022, the GIFI replied to 30 requests concerning 391 entities, submitted by authorised representatives of the Headquarters of the Border Guard, which represents an increase in the number of requests compared to 2021, when the GIFI received 23 requests concerning 278 entities.

Units supervised by and subordinate to the minister competent for the interior also fulfilled the obligations specified in Article 83(1) of the *AML/CFT Act*, which significantly extended cooperation in counteracting the crime specified in Article 299 of the *Penal Code*. In 2022, the GIFI received 134 such pieces of information from the Police organisational units, concerning 730 entities.

Based on the information received, the GIFI was able to more effectively fulfil its statutory obligations, also by blocking accounts. The activities undertaken with respect to analyses conducted by the GIFI enabled more effective cooperation already at the stage of operational and reconnaissance work of services subordinate to and supervised by the minister competent for interior, including, in particular, in identifying assets at the initial stage of operational and reconnaissance activities, as well as later, at the investigation stage.

6.1.4. COOPERATION WITH STATE SECURITY SERVICES

In 2022, the GIFI received 20 requests for information held by it from the Military Counter-Intelligence Service. The requests concerned 37 entities. To compare, in 2021, the GIFI received 20 requests concerning 49 entities.

6.1.5. COOPERATION WITH THE CENTRAL ANTI-CORRUPTION BUREAU

Under Article 105(1) of the *AML/CFT Act*, the GIFI received from the Central Anti-Corruption Bureau 23 requests for information regarding at least 86 entities, and 9 notifications concerning 90 entities provided pursuant to Article 83(1) of the *AML/CFT Act*.

The number of requests decreased compared to 2021, when 43 requests concerning 208 entities were recorded.

6.1.6. COOPERATION WITH OTHER AUTHORITIES

In 2022, the Minister of Finance sent to the GIFI 35 requests pursuant to Article 11(2) of the *Gambling Act of 19 November 2009* (Journal of Laws of 2023, item 227). The replies to the requests concerned a total of 143 entities.

In 2022, the GIFI received 40 requests from the Chair of the Polish Financial Supervision Authority, concerning 111 entities. The requests concerned mainly ongoing proceedings related to granting or amending a permit for the provision of payment services as a domestic payment institution.

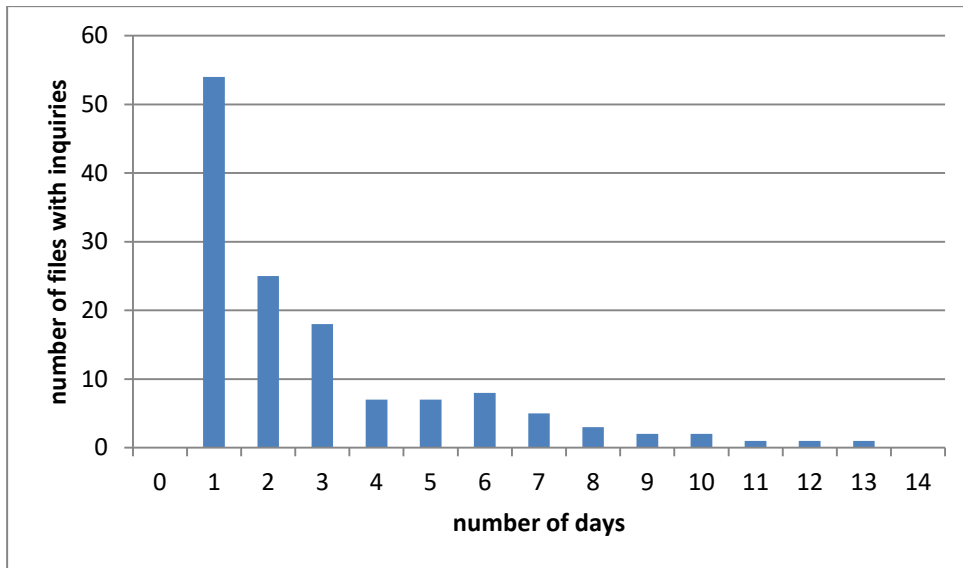
In 2022, the GIFI also received 30 requests for information from the Military Police, that concerned 27 entities. In 2021 15 such requests concerning 27 entities were received. The GIFI also received from the Military Police 4 notifications pursuant to Article 83(1) of the *AML/CFT Act*, concerning 17 entities.

6.1.7. COOPERATION WITH THE NATIONAL CENTRE FOR CRIMINAL INFORMATION

In 2022, the GIFI cooperated with the Head of the National Centre for Criminal Information. The GIFI transferred criminal information *ex officio* (6,572 registrations), and sent 700 inquiries, including 547 requests to supplement criminal information addressed to obligated entities.

The National Centre for Criminal Information also sent inquiries to the GIFI. In 2022, these inquiries concerned 2,406 entities. Having searched its databases, the GIFI answered 625 times that the subject indicated in the inquiry was identified in the analytical proceedings carried out by the GIFI. Inquiries from the National Centre for Criminal Information are sent to the GIFI electronically, in an agreed format, which enables to partially automate the generation and dissemination of reports. In 2022, the aforementioned inquiries concerning 2,406 entities were submitted in the form of 134 electronic files, directly to the GIFI's IT system.

Chart 15 – Number of days elapsed from the submission of the inquiry to the provision of the response in 2022



Verification of data from inquiries of the National Centre for Criminal Information is to a large extent automated – generation and provision of responses (to be directly downloaded from the secure website of the GIFI’s ICT system) usually takes up to a few days. The median of the distribution of the number of days for providing the response is 2 days. The distribution of the number of days elapsed from the submission of the inquiry to the provision of the response is shown in Chart 15.

6.2 FEEDBACK

6.2.1 National Revenue Administration bodies

The National Revenue Administration is a specialist government administration that performs tasks in the field of income from taxes, customs duties, fees and non-tax budget receivables, protection of the interests of the State Treasury and protection of the customs territory of the European Union. It also provides services and support to taxable persons and taxpayers in the proper performance of their tax obligations as well as to entrepreneurs in the proper performance of their customs obligations. The KAS includes the Customs and Tax Service – a uniform and uniformed formation made up of officers. The authorised bodies of the KAS receive information from the GIFI that is relevant to their statutory tasks. The KAS usually used the information provided by the GIFI in its analyses and checks to identify threats in the areas subject to its supervision, in particular in terms of the performance of the obligations related to public levies. In the Polish legal system, violations of prohibitions and injunctions under financial law that falls within the competence of the Minister of Finance, i.e. the tax law, customs law, foreign exchange law and gambling law, are penalised under the *Act of 10 September 1999 – Fiscal Penal Code* (consolidated texts: Journal of Laws of 2022, item 859, as amended) and under the *Act of 6 June 1997 – Penal Code* (consolidated text: Journal of Laws of 2022, item 1138, as amended). The information requested by the KAS bodies from the GIFI was, among other things, to confirm or exclude identified mechanisms of fiscal fraud and to indicate other entities suspected of involvement in fiscal offences and crimes. The information

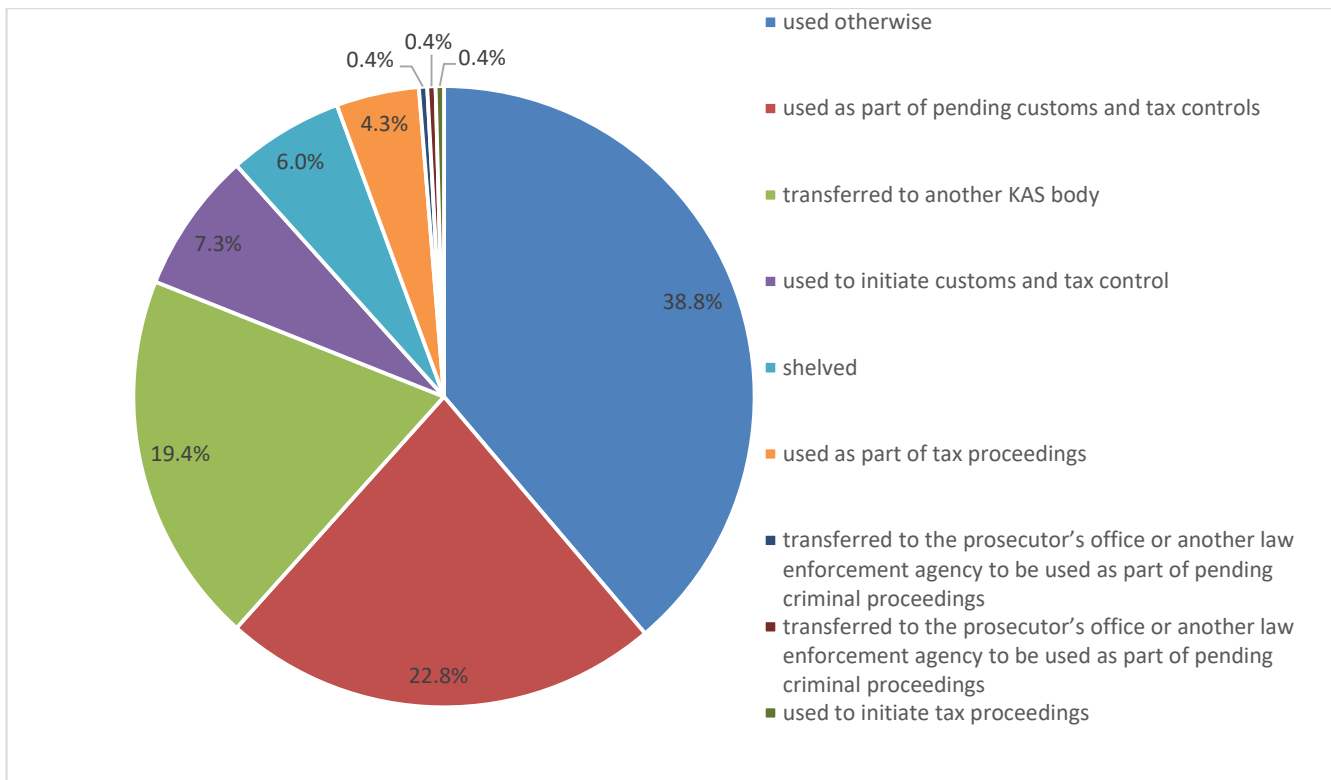
received was used in determining whether a customs and tax control or a tax control and preliminary proceedings should be initiated in cases of a suspected fiscal crime as well as in the course of such controls and proceedings. The purpose of these activities is to ensure the correct enforcement of taxes and to secure the State Treasury levies.

On the other hand, the information submitted to the KAS bodies by the GIFI on its own initiative (under Article 106(1) of the *AML/CFT Act*) was analysed for its possible relation with suspected fiscal crimes.

Under Article 14(5) of the *AML/CFT Act*, the GIFI received information from particular KAS bodies that indicated that in 2022, based on the information provided by the GIFI (both under Article 105(4) and Article 106(1) of the *AML/CFT Act*):

- the KAS bodies used 53 or more pieces of information in the course of ongoing customs and tax controls;
- the KAS bodies used at least 10 pieces of information in the course of tax proceedings;
- at least 45 pieces of information were forwarded to other KAS bodies for further processing;
- the KAS bodies used at least 17 pieces of information to initiate customs and tax controls or tax proceedings;
- at least 14 pieces of information were not acted upon and were eventually shelved, following the analysis of the KAS bodies;
- at least 1 piece of information was forwarded to the prosecutor's office or another law enforcement agency to initiate criminal proceeding;
- at least 1 piece of information was used to initiate tax proceedings;
- at least 90 pieces of information were used by the KAS bodies otherwise as part of their activities, e.g. to complete a case by means of verification activities or to perform a preliminary analysis. This category also includes cases that are currently being analysed, investigated, suspended, etc.

Chart 16 – Breakdown of information received by the KAS bodies from the GIFI by the method of its use



6.2.2 The Police

According to the information received from the Commander-in-Chief of the Police, the Criminal Bureau of the Police Headquarters received in 2022 from GIFI 173 pieces of information under Article 106(1) of the *AML/CFT Act*. Each information received by the Criminal Bureau of the General Police Headquarters was transferred to locally and materially competent organisational units of the Police for official activities to be taken, including:

- data obtained based on 1 piece of information was forwarded to the competent prosecutor's offices to initiate preparatory proceedings;
- data obtained based on 16 pieces of information was transferred to evidence collected as part of ongoing preparatory proceedings;
- data provided based on 20 pieces of information is being verified as part of checks pursuant to Article 307 of the *Code of Criminal Procedure*;
- as for 136 pieces of information obtained from the GIFI, verification is underway as part of the operational and reconnaissance activities; in one case the performed activities did not confirm the information received.

Pursuant to Article 105(1)(1) of the *AML/CFT Act* (at the request of the Commander-in-Chief of the Police), the GIFI provided in 2022 information in 32 cases in connection with pending operational cases. The information provided by the GIFI is still being analysed and supplemented with self-made findings and it is used in ongoing operational and reconnaissance activities carried out by the Police organisational units. In 2022, the Police also provided the GIFI with a total of 79 notifications of suspected money laundering or financing of terrorism, pursuant to Article 83(1) of the *AML/CFT Act*.

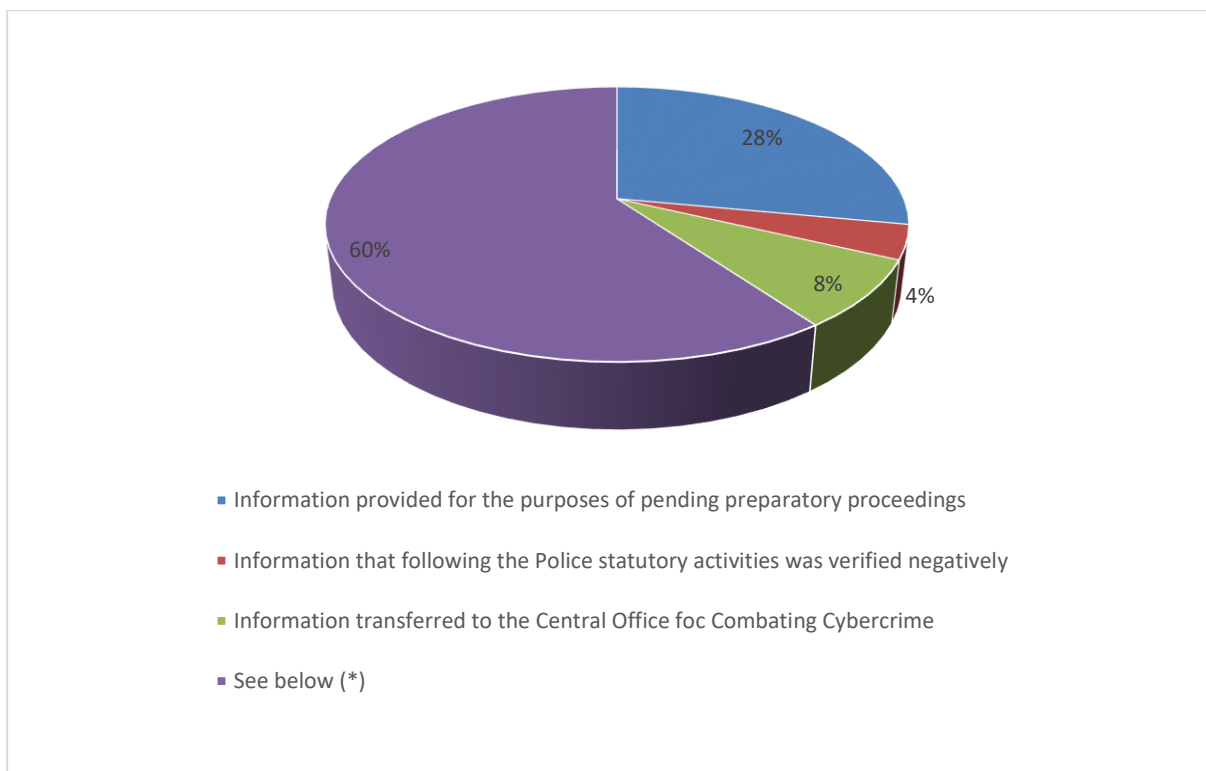
According to the information provided by the Central Bureau of Investigation of the Police under Article 14(5) the *AML/CFT Act*, in 2022, this body submitted to the GIFI 60 requests for information⁴⁹. Following its analysis, the feedback was used in operational activities, including:

- in 7 cases, the information was forwarded to ongoing preparatory proceedings;
- in 3 cases, the information was used as part of international cooperation of the Police;
- in 3 cases, the obtained information was verified negatively – no preparatory proceedings were initiated based on provided evidence;
- in 12 cases, the response from the GIFI indicated the lack of information on transactions or bank accounts of the individuals or business entities covered by the requests;
- in 32 cases, the obtained information is still being verified by the Central Bureau of Investigation of the Police as part of its statutory activities. These activities include, among others, criminal analysis and drawing up documentation to be transferred to an organisational unit of the prosecutor's office to initiate preparatory proceedings/to be incorporated in ongoing preparatory proceedings;
- in 2 cases, the obtained information was forwarded to the Central Office for Combating Cybercrime;
- in 1 case, the obtained information was transferred to the National Revenue Administration.

The Central Bureau of Investigation of the Police also informed that in 2022 it initiated 11 preparatory proceedings under Article 299 of the *Penal Code* and completed 23 proceedings carried out in this respect. The Central Bureau of Investigation of the Police did not initiate or complete any preparatory proceedings under Article 165a of the *Penal Code*. According to the information concerned, 755 suspects were presented – in the proceedings conducted by the Central Bureau of Investigation of the Police – a total of 1,042 charges of committing a prohibited act under Article 299 of the *Penal Code*.

Chart 17 – Breakdown of notifications received by the Central Bureau of Investigation of the Police from the GIFI by the method of their use

⁴⁹ These included requests for the provision of information on 398 natural persons, 222 entities and 33 bank accounts.



() Information that is still being verified under pending statutory activities, as part of which, among others, criminal analysis is performed, and the documentation is being prepared for its transfer to an organisational unit of the prosecutor's office to initiate preparatory proceedings/to be incorporated in ongoing preparatory proceedings or its use as part of international cooperation of the Police is considered*

In 2022, the Central Bureau of Investigation of the Police received from the GIFI a total of 25 pieces of information under Article 106(1) of the *AML/CFT Act*, that were used as follows:

- 7 of them were forwarded to preparatory proceedings;
- 1 of them, following the relevant statutory activities of the Police, was verified negatively;
- 2 of them were forwarded to the Central Office for Combating Cybercrime;
- 15 of them are still being verified as part of the Police statutory activities, which includes, among others, a criminal analysis, and the documentation is being prepared to be transferred to an organisational unit of the prosecutor's office to initiate preparatory proceedings/to be incorporated in ongoing preparatory proceedings, or its use in international cooperation of the Police is being considered.

6.2.3. Other authorities

The Central Anti-Corruption Bureau indicated that in 2022, it received from the GIFI 86 pieces of information, 70 of which were used as part of the official activities carried out by this agency.

The Border Guard Headquarters informed that in the period from 1 January 2022 to 31 December 2022, it received from the GIFI a total of 33 pieces of information. The information was provided by the GIFI either at the written and justified request of the Border Guard or in connection with suspecting by the GIFI a crime other than money laundering or financing of terrorism, so that the Border Guard could undertake activities provided for in its statutory tasks.

The Bureau of Internal Affairs of the Border Guard informed that in 2022, it did not submit to the GIFI any request for information under Article 105 of the *AML/CFT Act*.

Based on the information provided by the Military Counter-Intelligence Service it is known that this Service sent to the GIFI 14 requests for information. No activities other than internal analytical activities were undertaken by the Military Counter-Intelligence Service in 2021 based on information received from the GIFI. The Military Counter-Intelligence Service did not transfer the information obtained from the GIFI to other authorities or public administration bodies, nor did it undertake based on it other “further activities” within the meaning of Article 14(2)(11) of the *AML/CFT Act*.

The data obtained from the Military Police Headquarters for 2022 indicate that in 2022, the Military Police obtained from the GIFI, in response to 38 submitted requests, 49 pieces of information regarding 65 entities. The information obtained was used as part of 30 forms of operational work.

The Office of the Polish Financial Supervision Authority notified that in 2022, it received from the GIFI under Article 106(1) of the *AML/CFT Act*, 6 pieces of information regarding a reasonable suspicion of a violation of regulations related to the operation of the financial market. Based on all the aforementioned information, the Office of the Polish Financial Supervision Authority undertook analytical activities provided for in the *AML/CFT Act* and in acts regulating particular sectors of the financial market. The UKNF also informed that in 2022, it did not submit to the prosecutor’s office any notifications of a suspected crime, resulting from an analysis of the information provided by the GIFI. As regards human resources involved in the implementation of tasks relating to counteracting money laundering and financing of terrorism, the UKNF informs that it employs 18 persons that are directly involved in the activities provided for in the *AML/CFT Act*. However, while performing their official tasks, employees of other organisational units take action or provide information in case of identifying irregularities in the area of AML/CFT in entities supervised by the KNF. Human resources and their adequacy to the duties entrusted are subject to ongoing monitoring by the Office of the KNF. The Office of the KNF has declared that in case of identifying the need to strengthen the resources dedicated to the implementation of tasks in the field of counteracting money laundering and financing of terrorism, it will allocate or recruit employees to deal with these issues. The financial resources available to the Office of the KNF for the implementation of tasks in the field of counteracting money laundering and financing of terrorism raise no objections, as they are adequate to the scope and number of these tasks.

The President of the Supreme Audit Office announced that in 2022, it did not request the GIFI to provide information in accordance to the provisions of the *AML/CFT Act*.

The National Centre for Emissions Management (KOBIZE) notified the GIFI that in 2022, it did not send any inquiries/requests for information to the GIFI in accordance with the *AML/CFT Act*.

6.3 DATA CONCERNING CRIMINAL PROCEEDINGS

In accordance with Article 14(3) of the *AML/CFT Act*, the Minister of Justice is obliged to provide the GIFI with aggregate data on:

- the number of criminal proceedings initiated and completed in cases related to money laundering and on the number of criminal proceedings initiated and completed in cases related to financing of terrorism;
- the number of individuals that were presented with charges of money laundering and the number of individuals that were presented with charges of financing of terrorism;
- the number of individuals convicted by a final court judgement for money laundering and the number of individuals convicted by a final court judgement for financing of terrorism;
- the types of predicate offences referred to in Article 1(e) of the *Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism, done in Warsaw on 16 May 2005* (Journal of Laws of 2008, item 1028 and of 2018, item 1328), hereinafter referred to as the “Warsaw Convention”, to which the information indicated in the preceding subparagraphs refer;
- assets that were frozen or with respect to which transactions were suspended or accounts were blocked, or for which property searching, seizure or forfeiture was adjudicated.

According to the data provided by the Ministry of Justice, in 2022, regional and district courts initiated 316 court criminal proceedings against 823 individuals, concerning the crime referred to in Article 299 of the *Penal Code*. In the same period, the courts completed 261 criminal proceedings concerning the aforementioned crime. According to the data cited by the Ministry of Justice, in 2022, 236 individuals were finally⁵⁰ sentenced for money laundering under Article 299 of the *Penal Code*, and 547 individuals were sentenced in the first instance. In the course of these proceedings, property worth in total PLN 2,883,999 and assets worth PLN 397,000 were seized, and forfeiture was adjudicated for property with a total value of PLN 213,043,034.

Information provided by the Ministry of Justice also shows that in 2022, common courts did not initiate any criminal procedure in relation to the crime under Article 165a of the *Penal Code*, but they completed one criminal procedure under this article. In 2022, no person was convicted in the first instance for the crime under Article 165a of the *Penal Code*, and there were no final convictions for financing of terrorism.

Court criminal proceedings conducted in Poland in 2022 under Article 299 of the *Penal Code* related to the following predicate offences referred to in Article 1(e) of the Warsaw Convention:

- under the following articles of the *Penal Code*: Article 258 (organised group and criminal association), Article 270 (substantive deceit), Article 271 (intellectual deceit), Article 279 (burglary), Article 286 (fraud), Article 294 (qualified types of the crimes mentioned in Article 278(1), (2) or (5), Article 278a(1), Article 284(1) or (2), Article

⁵⁰ According to the information obtained from the Ministry of Justice, the data in this section is provided by Divisions of Regional Courts (1st instance) and District Courts. What matters is whether the ruling is final or not, it does not matter in which instance it became final.

285(1), Article 286(1) or (2), Article 287(1), Article 288(1) or (3), Article 290(1) or in Article 291(1), against valuable assets);

- under the following articles of the *Fiscal Penal Code*: Article 54 (evasion of tax obligation); Article 56 (untrue tax data);
- the crimes mentioned in the *Act of 29 July 2005 on counteracting drug addiction*;
- other crimes (under the Penal Code and specific acts);
- other crimes not defined.

6.4. Training activity

In 2022, representatives of the GIFI actively participated as speakers or participants in numerous training courses and workshops as well as conferences, during which issues related to money laundering and financing of terrorism were raised. Qualifications were enhanced both online and during meetings.

In the first half of 2022, representatives of the GIFI, supported by the Competence Centre for the Central Register of Beneficial Owners in the Revenue Administration Regional Office in Bydgoszcz, conducted several training courses regarding the beneficial owner, determination of the ownership or control structure, and the operation of the Central Register of Beneficial Owners for representatives of obligated institutions, cooperating units and entities obliged to provide information to this register. The training also covered issues related to the activities of the GIFI, foundations and associations, the obligations of obligated institutions, the Financial Information System and specific restrictive measures.

In June 2022, a representative of the Department of Financial Information took part in the fourth edition of the PTXXI conference organised in Gdynia, that focused on issues related to combating ICT crime. The project was co-organised by the Central Office for Combating Cybercrime.

Moreover, in September 2022, a representative of the Financial Information Department took part in the next edition of the tax course conducted for Police officers by the Police Academy in Szczytno.

In October 2022, a representative of the Department of Financial Information took part in a briefing of the management of the Operational and Investigative Board of the Border Guard Headquarters. In the second half of 2022, representatives of the GIFI, supported by other institutions, conducted numerous training courses for cooperating entities and obligated institutions, concerning the beneficial owner, the Central Register of Beneficial Owners, cryptocurrency crime, duties and practical aspects of controlling obligated institutions, systems and registers used to counteract money laundering and financing of terrorism, the system for counteracting money laundering and financing of terrorism, and domestic cooperation.

Furthermore, representatives of the GIFI conducted in 2022 two training sessions for officers of the Military Police, held at the Military Gendarmerie Education and Training Centre in Mińsk Mazowiecki.

On 25 November 2022, a representative of the GIFI conducted training entitled “The beneficial owner and obligations related thereto in the light of legal regulations on counteracting money

laundering and financing of terrorism” as part of the Eastern Partnership Academy of Public Administration 2022 programme, organised by the Office of Competition and Consumer Protection in cooperation with the Ministry of Foreign Affairs and the National School of Public Administration for representatives of antitrust authorities from Ukraine, Moldova and Georgia.

In 2022, the GIFI also continued a series of training courses dedicated to the obligations of obligated institutions in the area of counteracting the financing of terrorism, including the application of specific restrictive measures, launched in 2020. As part of this training series, a total of six online training courses entitled “Application of Specific Restrictive Measures and the National Assessment of the Risk of Money Laundering and Financing of Terrorism – Threats and Vulnerabilities” were held in March, June, September and December for representatives of currency exchange office operators, entities providing bookkeeping services, notaries, intermediaries in real estate trading.

7. International cooperation

7.1. Cooperation with the European Commission

The European Commission is required to submit to the European Parliament and the Council a report on the implementation by the Member States of *Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing* (hereinafter referred to as the 4th AML Directive or *Directive 2015/849*). To this end, at the request of the European Commission, experts from the Council of Europe conducted interim evaluations of the Member States in order to draw up the aforementioned report. Poland, as a member of the European Union, was also included in the process of evaluating the implementation and effectiveness of the application of the provisions of the 4th AML Directive. On 18-21 January 2022, an evaluation took place, coordinated by representatives of the GIFI, that for pandemic reasons was held in a hybrid formula, with online participation of evaluators from the Council of Europe. Both representatives of relevant public administration bodies and selected obligated institutions were involved in the evaluation meetings.

Discussions with representatives of the Polish system for counteracting money laundering and financing of terrorism concerned the following areas:

- national cooperation (including that between obligated institutions and the GIFI),
- the policies and priorities of the competent authorities,
- transparency of the beneficial owner,
- use of financial information,
- reporting suspicious transactions and other transactions,
- cooperation with other financial intelligence units and supervisory institutions,
- supervision over financial institutions, including issues related to group policy and market entry (fit and proper⁵¹) and over non-financial institutions,
- sanctions,
- national risk assessment of money laundering and financing of terrorism and the risk of money laundering and financing of terrorism of obligated institutions,
- the use of customer due diligence measures,
- politically exposed persons,
- data protection.

Evaluation discussions and supplementary materials provided after the evaluation by its participants formed the basis for the development of an interim report on the effectiveness of Poland's implementation of the provisions of the aforementioned Directive. After taking the

⁵¹ Wymogi dot. Oceny kierowników, dyrektorów i akcjonariuszy

comments of the Polish authorities into account, the aforementioned report on Poland's effectiveness in implementing the provisions of the 4th AML Directive was drawn up.

This report, along with the assessments of other Member States, will be used to develop a comprehensive overview report on the effectiveness of the implementation of the 4th AML Directive by EU countries.

7.1.1. Expert Group on Money Laundering and Terrorist Financing

The Expert Group on Money Laundering and Terrorist Financing (EGMLTF), bringing together representatives of the EU Member States, is to support the European Commission in defining policy directions in the area of counteracting money laundering and financing of terrorism, developing legal acts, as well as providing advice at the stage of preparing proposals on implementing measures and coordination of cooperation between EU Member States.

In 2022, four online meetings of the EGMLTF, attended by representatives of the GIFI, were held. The meetings covered topics related to the internal affairs of the European Union and external affairs within the framework of international cooperation.

As regards internal affairs, the meetings were dedicated mainly to:

- enforcement of EU regulations, including:
 - checking the transposition and effective implementation of *Directive 2015/849* and *Directive 2018/843*;
 - a study of the Council of Europe aimed at preparing a report on the evaluation of the specific implementation and effective application of *Directive 2015/849* in the EU Member States;
 - an EU pilot project concerning beneficial owners;
- implementation of tasks under *Directive 2015/849* and the Counteracting Money Laundering Action Plan, including:
 - AML database of the European Banking Authority;
 - the planned publication of a consolidated list of politically exposed persons;
 - supranational risk assessment;
 - preparation of a report for the European Parliament and the Council in accordance with Article 65 of *Directive 2015/849*;
 - setting up centralised automated mechanisms in accordance with Article 32a of *Directive 2018/843*;
 - guidelines on the use of public-private partnerships in preventing and counteracting money laundering and financing of terrorism.

The issue of the exchange of information between competent authorities and financial intelligence units under Article 30(7) and Article 31(7) of *Directive 2015/849* and the issue of the beneficial owner in the context of Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine were also raised. In order to ensure synergies between the various expert groups chaired by the Commission and to ensure that EGMLTF members are aware of the work carried out by FIUs, a discussion of the 2022-2023 FIU Work Plan was also included on the agenda of the EGMLTF deliberation. The outcomes of joined cases C-37/20 *Luxembourg Business Registers* and C-601/20 *Sovim* as well as C-

562/20 *SIA “Rodl & Partner”* case pending before the European Court of Justice were also discussed. In 2022, the European Commission consulted the members of the EGMLTF in writing on the next draft Delegated Regulation amending *Delegated Regulation (EU) 2016/1675* supplementing Directive 2015/849 by identifying high-risk third countries with strategic deficiencies in their AML/CFT regimes.

As regards external affairs, in preparation for the FATF and MONEYVAL plenary meetings, the EGMLTF meetings were also a convenient platform for discussing issues related to the evaluation of the national systems for counteracting money laundering and financing of terrorism, as well as ongoing and future projects implemented by working groups operating within these bodies.

Moreover, during the EGMLTF meetings and as part of working contacts with its members, the European Commission consulted with representatives of the Member States, including Poland, EU initiatives concerning, among others:

- a study by Deloitte entitled “Identification of users of virtual assets and the ability to set up and maintain a central database available to financial intelligence units”;
- consultations on the modernisation of company law for digitisation purposes;
- a questionnaire regarding data on counteracting money laundering obtained from courts and prosecutors’ offices;
- “User manual – training for lawyers on the EU AML/CFT regulations”;
- “Feasibility study for a European asset registry in the context of the fight against money laundering and tax evasion” CEPS (Centre for European Policy Studies).

7.1.2. EU-FIU platform

In 2022, representatives of the GIFI actively participated in the work of the EU-FIU Platform (hereinafter referred to as “Platform”). The Platform advises the EC on the ongoing cooperation between the FIUs of the EU Member States. The Platform sessions are devoted to discussing, among others, new EU initiatives to counteract money laundering and financing of terrorism, proposals how to improve the exchange of information between the financial intelligence units, issues relating to joint analysis of cases with a cross-border component, information exchange through FIU.net, supra-national risk assessment, and reporting suspicious cross-border transactions. In 2022, four regular meetings of the Platform were held (including three ones in the form of video conferences). Topics discussed during the particular meetings in 2022 included:

- activities of the special working group for the coordination and support mechanism (CSM), whose members included also a representative of Poland, including: the proposals formulated by the group were presented to the European Commission in the course of the work on the AML/CFT package, and after its publication, also on the forum of the EU Council working group, within which negotiations on the wording of particular acts took place in 2022. The AML/CFT package published by the EC in July 2021 provides for strengthening the EU framework for counteracting money laundering and financing of terrorism, among others, through the development of a uniform set of EU regulations and the creation of an EU agency responsible for AML/CFT supervision

of selected financial institutions, as well as a coordination and support mechanism for financial intelligence units.

- Project of the European Parliament regarding an EU asset registry, providing for the development of a map of sources of information on asset ownership and the assessment of the operational feasibility of data collection, legal necessity and feasibility, as well as the development of technical options outlining the possible design and scope of the EU asset registry.
- Discussion of the state of as regards the recast of *Regulation (EU) 2015/847 on information accompanying money transfers* (TFR recast). The recast of this regulation implements the revised FATF standards for cryptocurrency assets that are based on the rules applicable to remittances. The proposal forms part of the AML package and requires crypto-asset service providers (CASP) to collect and share data on the originators and beneficiaries of crypto-asset transfers. The main changes introduced by the legislators concern the scope, definitions, further details on the information to be collected, the abolition of the EUR 1,000 threshold for simplified customer due diligence measures, additional data protection rules and mitigation measures.
- The use of the Technical Support Instrument (TSI) and the manner how it can help improve national AML/CFT frameworks. The TSI supports Member States in stimulating innovation with the aim to design and implement reforms that can be the Commission or national priorities;
- Cooperation of financial intelligence units with institutions, agencies and bodies of the European Union: the European Anti-Fraud Office (OLAF), the European Public Prosecutor's Office (EPPO), Europol, the European Banking Authority (EBA);
- The state of play of the work on FIU.net, i.e. a network for exchanging information between FIUs – including undertaken and planned data migration, the network operation statistics, and discussion of cybersecurity issues in order to protect confidentiality, integrity and availability of data and mitigate risk;
- The issue of the implementation of the artificial intelligence (AI) package of April 2021. The package will concern the use of artificial intelligence in the operational activities of FIUs to prevent money laundering and financing of terrorism. The adoption of the package (that is still being negotiated) is expected in 2023, and will be followed by a two-year transitional period before the Regulation becomes directly applicable.
- The EU Action Plan against Trafficking in Cultural Goods and discussion of the latest developments in the project on the use of works of art, antiques and other cultural goods as ML/FT tools.
- Discussion of the proposal for a directive on the definition of criminal offences and penalties for the violation of Union restrictive measures, a new supranational risk assessment, guidelines on public-private partnerships in the field of counteracting money laundering and financing of terrorism. On 28 November 2022, the Council adopted a decision to add the violation of restrictive measures to the list of EU crimes. On 2 December 2022, the Commission adopted a proposal for a directive on the definition of criminal offences and penalties for the violation of Union restrictive measures.

7.2. Cooperation with the Council of the EU

In 2022, the Council of the European Union, chaired by the French and then the Czech Presidency, conducted negotiations on the AML/CFT package presented by the European Commission in July 2021. A representative of the GIFI actively participated in the meetings of the working group in the Council of the EU and presented Poland's position on the outlined elements of the package .

During the Czech Presidency of the Council of the European Union, works related to, among others, the selection of the home country of the Authority for Anti-Money Laundering and Countering Financing of Terrorism (Anti-Money Laundering Agency – AMLA) were intensified. Their interest to be the home country for the AMLA headquarters was initially announced by: Austria, France, Spain, the Netherlands (but this country withdrew its candidacy at the end of the year), Lithuania, Luxembourg, Latvia, Germany and Italy.

In accordance with the *Proposal for a Regulation of the European Parliament and of the Council establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) 1094/2010, (EU) 1095/2010*⁵², the AMLA will be a new EU agency and a central element of the system for counteracting money laundering and financing of terrorism. It is to be established in 2023, and its full functionality is scheduled for 2026. The main tasks of this Authority will include ensuring uniform supervision over obligated institutions in the EU and facilitating cooperation between financial intelligence units and the consistent implementation, as well as the use by Member States of a single set of regulations regarding counteracting money laundering and financing of terrorism.

7.3 Review of the EBA supervisory AML/CFT practices

Pursuant to the provisions of *Regulation 1093/2010*⁵³, the European Banking Authority (hereinafter referred to as the EBA) is obliged to ensure effective supervisory practices and aims to ensure consistent application of EU law. Therefore, the EBA conducts a review of the AML/CFT supervisory practices for the banking sector, that at the turn of 2023 covered also Poland.

A review of Polish supervisory practices relating to the banking sector is carried out both off-site and on-site. The evaluation visit to Poland is scheduled for January 2023. Coordination of the preparation and implementation of the aforementioned review has been entrusted to the Office of the Polish Financial Supervision Authority (UKNF). In connection with the above, in the second half of 2022, the GIFI, in cooperation with the Office of the KNF, started the process of collecting and developing information, including statistical data and documentation, regarding supervision over obligated institutions. At the end of 2022, still before the planned evaluation visit, some of the prepared materials were handed over to the EBA evaluation team for further off-site analysis that was the basis for substantive meetings during the planned

⁵² <https://eur-lex.europa.eu/legal-content/PL/ALL/?uri=CELEX:52021PC0421>

⁵³ *Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC*

evaluation visit. The review of Polish AML/CFT supervisory practices covered the following areas:

- supervisory resources in the context of the size of the banking sector and the ML/FT risk;
- availability of supervisory guidelines;
- level of supervision in the context of the ML/FT risk;
- domestic and foreign supervisory cooperation.

7.4. Egmont Group

In 2022, the Polish Financial Intelligence Unit continued its involvement in the activities of the Egmont Group, associating 166 financial intelligence units from around the world, by participating in works, initiatives and meetings at the working and plenary levels.

Representatives of the GIFI are involved in the works of the Working Group for Information Exchange and the Working Group for Technical and Training Assistance as well as cooperation with the Egmont Group Secretariat.

After two years of online meetings, the 28th Plenary Meeting of the Egmont Group (EG) was held at the invitation of the Latvian FIU in Riga, Latvia, on 10-15 July 2022. The meeting was attended by over 300 representatives of financial intelligence units from around the world and representatives of international institutions that are observers within the EG. Representatives of the GIFI participated in the sessions of the Working Groups (the Working Group for Information Exchange and the Working Group for Technical Assistance and Training), the Europe 1 Regional Group as well as the meeting of FIU Heads and workshops accompanying this meeting.

During the meeting, the heads of the financial intelligence units, the most important decision-making body of the EG, elected the new management, including Ms. Xolisile Khanyile, Director of the Financial Intelligence Centre in South Africa (former Deputy Chairperson of the EG), who replaced Ms. Hennie Verbeek-Kusters (head of the Dutch FIU) as the new Chairperson of the EG. Ms. Elżbieta Franków-Jaśkiewicz, Head of the International Cooperation Division of the Financial Information Department, was elected the new Deputy Chairperson of the EG. The Chairperson and the Deputy Chairperson of the EG were elected for two-year terms that will end after the plenary meeting of the EG in 2024.

During the thematic discussion held at the plenary session, the heads of financial intelligence units, based on the panellists' presentations, discussed ways to increase the effectiveness of FIUs in a risk-based environment, with particular emphasis on multilateral information exchange, ways of setting priorities in domestic and international cooperation, and increasing the role of the FIU in the national AML/CFT system.

During the plenary session, the participants took part in four operational training sessions dedicated to, among others, far-right terrorism financing, the role of financial intelligence units in combating labour exploitation and human trafficking, ways to achieve greater effectiveness in asset recovery, as well as workshops during which the most interesting analytical cases were presented.

During the meeting, the winner of the EG award for the best analytical case conducted by the FIU (BECA) was also selected. The award was won by the Latvian FIU with its case recognised, among others, for innovative financial intelligence methods and a developed network of international cooperation. An honorary distinction was awarded to the vice-leader – the Italian FIU. The Nigerian FIU won the Stolen Asset Recovery Award (StAR) that is a joint programme of the World Bank and the UNODC.

In September 2022, a representative of the GIFI – Ms. Elżbieta Franków-Jaśkiewicz – as the Deputy Chairperson of the EG, represented this organisation at the 39th International Symposium on Economic Crime held in Cambridge (the United Kingdom), co-chairing with Mr. Jerome Beaumont, Executive Secretary of the EG, workshops dedicated to EG support for asset recovery.

A representative of the GIFI took part in workshops devoted to cooperation between customs services and financial intelligence units, conducted as part of the cooperation between the EGMONT group and the World Customs Organisation (WCO). As part of the workshops, a discussion was held on the further development of this cooperation, having particular regard to experiences so far and the observed unsatisfactory scope of its operation.

7.5. Financial Action Task Force (FATF)

The GIFI cooperated with the FATF through the participation of its representatives in the meetings (including online ones) of this body as part of the MONEYVAL Committee delegation and by presenting its opinions on the implementation of the FATF Recommendations during EGMLTF meetings.

In 2022, there was a change of presidency in the FATF – the German Presidency gave way to the Singaporean one – the function of the FATF President was taken over by Mr. Raja Kumar, who will serve it until 30 June 2024. The Singaporean Presidency indicated the following priorities for the FATF under its leadership: strengthening asset recovery, countering illicit finance of cyber-enabled crime, increasing the effectiveness of global AML measures, and reinforcing FATF partnerships with FSRBs.

The tragic events in Ukraine resulting from Russia's armed aggression prompted public statements expressing the FATF's grave concern that Russian aggression may increase the risk of money laundering, financing of terrorism and proliferation financing, as well as may affect the integrity of the financial system, the wider economy, and security and safety, as Russia's actions violated the FATF core principles that aim to promote the security, safety and integrity of the financial system. In its statements issued in March, April and June 2022, the FATF reiterated that all jurisdictions should be vigilant to emerging risks from the circumvention of measures taken against Russia in order to protect the international financial system. As a first step, the FATF issued a statement on limiting Russia's role and influence within the FATF, in particular, the Russian Federation could no longer hold any leadership or advisory roles or take part in decision-making on standard-setting, FATF peer review processes, governance and membership matters. Russia could also no longer provide assessors, reviewers or other experts for FATF peer-review processes. As a result of Russia's continuing actions, in October 2022, the FATF decided to impose additional restrictions on this country, by barring Russian

delegates from participating in current and future FATF project teams. Russia was also barred from participating in meetings of the FSRBs as an FATF member.

In 2022, the FATF continued work on updating its standards. In March 2022, the FATF, with the strong involvement of MONEYVAL, reinforced the content of Recommendation 24 and its Interpretive Note that require countries to prevent the misuse of legal persons for money laundering or financing of terrorism and to ensure that there is adequate, accurate and up-to-date information on the beneficial owners of legal persons. In October 2022, FATF members agreed to issue draft guidelines for Recommendation 24 for public consultation, to assist states and the private sector in implementing the enhanced FATF requirements regarding the beneficial owner of corporate structures. The FATF has arranged to finalise its guidelines in February 2023. These guidelines focus currently on Recommendation 24, but are planned to be updated after the FATF completes its next review of Recommendation 25 on transparency and beneficial ownership of legal arrangements.

In 2022, the FATF also continued awareness-raising activities for participants of the AML/CFT system. In this regard, the development of its guidance for a risk-based approach for the real estate sector was finalised. The guidance aims to help entities in this sector to implement risk-based measures to prevent money laundering and financing of terrorism. Entities involved in the real estate sector – from real estate agents to notaries – play an important role in preventing criminals from laundering their illicit assets by purchasing often high-end real estate. However, the latest round of FATF peer reviews showed that this sector has a generally poor understanding of the risks it faces. The guidance will help private sector participants better understand ML/FT risks and take effective measures to mitigate them⁵⁴.

Moreover, the FATF has prepared and published a report on illicit income generated by the supply chains of fentanyl and related synthetic opioids⁵⁵. The report contains risk indicators that can help identify suspicious activity and recommendations regarding the best approach to detect and stop financial flows related to this illicit trade.

Another initiative raising the awareness of the participants of the AML/CFT system was the finalisation of the guidance on virtual assets and virtual asset service providers (VASP). In June 2022, the FATF published updated guidance on a risk-based approach to virtual assets and VASP⁵⁶ that explains how to implement the FATF Recommendations to effectively counter money laundering, financing of terrorism and proliferation in relation to this market. In particular, the guidance explains the definitions of virtual assets and VASP as well as indicates how the FATF Standards should be applied in the context of the stablecoin⁵⁷. The issue of risk related to peer-to-peer transactions was also addressed and tools for identifying and mitigating this risk were described. The guidance also includes issues related to VASP licencing and registration, describes the “travel rule” that requires VASPs to collect and share information on the originator and the beneficiary of virtual asset transactions. The guidance also describes the principles of information sharing and cooperation among VASP supervisors.

⁵⁴ <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/Guidance-rba-real-estate-sector.html>

⁵⁵ <https://www.fatf-gafi.org/en/publications/Methodsand trends/Money-laundering-fentanyl-synthetic-opioids.html>

⁵⁶ <https://www.fatf-gafi.org/content/fatf-gafi/en/publications/Fatfrecommendations/Targeted-update-virtual-assets-vasps.html>

⁵⁷ Stablecoin – a digital currency tied to a “stable” reserve asset (e.g. dollar, gold)

During its plenary sessions, the FATF provided an update on other ongoing work, including the project for counteracting laundering of ransomware proceeds and work on updating the FATF Best Practices on Combating the Abuse of Non-Profit Organisations. The FATF also updated on projects and activities to implement the March 2022 Strategic vision for the Global Network of 206 jurisdictions that have jointly agreed to strengthen their regimes to counteract money laundering and financing of terrorism and proliferation.

In 2022, the FATF also continued its efforts to inform the international community about threats to the security of the international financial system from countries that had insufficiently adapted their national AML/CFT systems to international standards. To this end, the FATF published the list of High-Risk Jurisdictions subject to a Call for Action (FATF “black list”) and the list of Jurisdictions under Increased Monitoring (FATF “grey list”). The publication of the above statements resulted from the activities carried out by the FATF International Cooperation Review Group (ICRG). The ICRG monitors not only the national AML/CFT systems of its members, but also those of members of the FATF-Style Regional Bodies. In 2022, the FATF grey list was extended to include Gibraltar, the United Arab Emirates, the Democratic Republic of the Congo (DRC), Mozambique and Tanzania.

In the past year, representatives of the GIFI participated not only in FATF meetings, but also in its other activities, e.g. in online FATF Standards Training Course (on 14-24 February 2022), Train the Trainer – FATF Standards Course (on 21-25 November 2022) conducted by the FATF Training Institute in Busan, South Korea, and the IMF-FATF Joint Assessors Training (JAT) (on 12-16 December 2022) at the headquarters of the International Monetary Fund.

In order to promote activities undertaken by the FATF, the GIFI published on its website on an ongoing basis information on public FATF lists (including its statements translated into Polish), as well as selected information regarding FATF publications and public consultations carried out by this organisation.

7.6 . Moneyval Committee

In 2022, two meetings of the MONEYVAL Committee were held (on 16-20 May and 7-9 December). The December meeting was held in the context of the 25th anniversary of the operation of the Committee that, which is worth emphasising, was the first to obtain the status of a FATF-type regional body (FSRB).

During 2022, the Committee carried out 4 evaluation missions (Monaco, Estonia, North Macedonia and Romania) and adopted 4 reports as part of the 5th round of peer reviews on the effectiveness of the AML/CFT systems in Bulgaria, Liechtenstein, Estonia and Monaco.

The Committee also periodically reviewed the progress made by Albania, Cyprus, the Czech Republic, Lithuania, Georgia, Moldova, Slovakia, Slovenia, Hungary and Isle of Man, based on the reports submitted by these countries as well as analyses prepared by the MONEYVAL Secretariat.

Following Russia’s invasion of Ukraine, on 16 March 2022, the Committee of Ministers of the Council of Europe adopted a decision in the context of the procedure launched under Article 8 of the Statute of the Council of Europe, according to which Russia ceased to be a member of the Council of Europe after 26 years of its membership in this body. As a result, Russia also

ceased to be a member of MONEYVAL after 25 years of its involvement in the activities of the Committee joined by it in 1997.

In 2022, at its plenary session, the MONEYVAL Committee Secretariat presented a comparative analysis of the ratings obtained in countries belonging to all FSRBs, which made it possible to determine the condition of the national systems of MONEYVAL Committee members in terms of their effectiveness. The ratings were converted into a scoring system to enable comparison of the outcomes between the different regional bodies. The MONEYVAL Committee community performed well compared to other regional bodies in terms of direct outcomes relating to: ML/FT risk understanding and analysis (Immediate Outcome 1 – slightly higher), international cooperation (Immediate Outcome 2 – comparably), beneficial ownership transparency (Immediate Outcome 1 – slightly higher), Outcome 5 – higher), FT prosecution (Immediate Outcome 9 – higher), specific restrictive measures in relation to FT (Immediate Outcome 10 – slightly higher), and very well as regards preventive measures (Immediate Outcome 4 – clearly higher). In general, the ratings in the MONEYVAL countries were at a level lower or close to the outcomes obtained in FATF countries, with the exception of preventive measures (Immediate Outcome 4) and beneficial owner transparency (Immediate Outcome 5), where the MONEYVAL countries' ratings exceeded the average ratings of the FATF countries. In the area of international cooperation (Immediate Outcome 2), the MONEYVAL community obtained a score close to that of the FATF. The MONEYVAL countries scored significantly lower than the FATF in the area of counteracting WMD proliferation (Immediate Outcome 11). The ratings for other direct outcomes were at a lower level than those of the FATF countries.

MONEYVAL continued the cryptocurrency typology project adopted in December 2021. The design concept (adopted by the general assembly of the MONEYVAL Committee) has been extended to include the potential misuse of various virtual assets (VAs) and virtual asset service providers (VASPs) for money laundering in the MONEYVAL countries and territories. In particular, the study aims to identify the types of VAs, VASPs and platforms used by criminals to launder the proceeds of crime, including exchange offices, aggregators and other cryptocurrency platforms (i.e. e-gaming, sports betting and NFTs). The report developed as part of the project will analyse data obtained from MONEYVAL member states as regards, among others: type of regulations adopted, investigative powers, sanctions, warning systems, types of VASPs involved in financing criminal activities, and practical examples illustrating criminal patterns in this sector.

An important component of the MONEYVAL plenary session was the discussion on the future strategy of the MONEYVAL Committee. In December 2022, the Committee held a discussion on its strategic priorities for 2023-2027, in which the former chairpersons of the Committee were involved. The aforementioned debate was a valuable input into the new MONEYVAL Strategy for 2023-2027 being prepared. In the planned strategy, the statutory objectives and tasks of the MONEYVAL Committee have been additionally strengthened by a multi-area MONEYVAL vision that aims to embed the statutory objectives of the organisation in the perspective of MONEYVAL's institutional development in the regional and global AML/CFT landscape. MONEYVAL's vision has been defined as providing an effective peer pressure mechanism for effective AML/CFT activities at the national level, being a dynamic counterpart in the development of the FATF Global Network, and acting as a promoter of the values and partnerships of the Council of Europe. All elements of MONEYVAL's vision and approach are

embedded horizontally in the identified six strategic pillars and their core and development goals.

During the December plenary meeting of the MONEYVAL Committee it was agreed that the above-mentioned draft Strategy, following a discussion and possible amendments thereto, would be proposed for adoption at the ministerial meeting in Warsaw scheduled for 2023.

During the plenary meeting of the MONEYVAL Committee in December 2022, a thematic session on the links between money laundering and human trafficking was also held, and there was an exchange of views with Ms. Helga Gayer, Chair of the Council of Europe Expert Group on Action against Trafficking in Human Beings (GRETA), Ms. Petia Nestorova, Executive Secretary of GRETA, and Mr. Daniel Thelesklaf, FAST project manager at the United Nations University. This initiative is to mobilise the financial sector to take action against modern slavery and human trafficking, as this problem is closely linked with the financial sector due to the fact that this is the most profitable crime for criminal organisations. As a result of the project activities it is planned to publish a document summarising the alerts relevant to the MONEYVAL region, followed by the publication of guidelines for banks. Plans for 2023 include launching, together with the Egmont Group, online training in this area for financial intelligence units. During the debate, the need to include trafficking in human beings in national ML/FT risk assessments was emphasised due to the fact that it is a serious crime with significant human rights implications.

It should be noted that in March 2022, Ms. Elżbieta Franków-Jaśkiewicz, MONEYVAL Chairperson and a representative of the GIF, represented MONEYVAL in the exchange of views with members of the Committee of Ministers, presenting the MONEYVAL annual report for 2021 at the FATF ministerial meeting held in April 2022, as well as at the 3rd NO MONEY FOR TERROR Intergovernmental Conference organised by India. Ms. Elżbieta Franków-Jaśkiewicz also participated in a high-level mission in Bulgaria, where, together with representatives of the FATF and MONEYVAL Secretariats, she met with the Deputy Prime Minister and members of the government to discuss the implementation of MONEYVAL recommendations. The joint MONEYVAL-FATF delegation met with the Deputy Prime Minister for Public Order and Security and the Bulgarian Minister of the Interior as well as other high-level officials representing the Ministry of Justice, the State Agency for National Security and other agencies involved in the state's AML/CFT activities and policies. A representative of the GIF also represented MONEYVAL in numerous virtual conferences with Member States, opening peer review processes.

As part of the coordination of preparations for the submission of Poland's progress report, scheduled for December 2023, in the first half of 2022, the GIF, referring to the content of the published report on the 5th round of MONEYVAL peer reviews, provided the relevant institutions with separate correspondence on the areas requiring corrective actions. With reference to the above initiative, in December 2022, the GIF requested these institutions to provide information on the progress of the implementation of the recommendations contained in the published evaluation report. The issue of necessary adjustments, indicated in the Polish AML/CFT system by MONEYVAL, was also raised during the 2022 meetings of the Financial Security Committee.

7.7. Conference of the Parties to the Warsaw Convention

In relation to the implementation of the provisions of the Warsaw Convention and Poland's participation in the Conference of the Parties to the Warsaw Convention (COP), the GIFI continued the actions related to activities taken at this forum.

On 15-16 November 2022, the 14th Plenary Meeting of the COP was held, and on 17 November 2022, there was a joint hybrid meeting of the COP and the Council of Europe's Committee of Experts on the Operation of European Conventions on Co-operation in Criminal Matters (PC-OC).

During the two-day plenary session of the COP, in response to Russia's aggression against Ukraine, the COP decided to introduce changes to the rules of this forum to limit the participation of the Russian Federation in meetings of the Conference only to online presence, as well as to limit the activity of the Russian delegation in the work of this body.

The report on the horizontal review of the implementation of Article 6 on the management of frozen or seized property and the horizontal progress report on the implementation of Article 11 (taking into account previous decisions regarding sanctions) as well as Article 25(2) and (3) (priority consideration to returning the confiscated property to the requesting party and consideration of agreements regarding the return of confiscated property) were also discussed.

The COP approved a horizontal report on Article 6 of the Warsaw Convention, amended to take into account the comments (in the country-specific parts) submitted by the Slovak Republic, Romania, Turkey, the Russian Federation and Georgia. The report indicates that Polish legislation has not introduced any specific procedures for the management of confiscated property that would be in line with Article 6 of the Warsaw Convention. Therefore, the COP recommends that the Polish authorities take legislative or other action to establish an appropriate mechanism for managing various assets, including complex and income-generating assets. Moreover, no body responsible for managing seized property has been established in Poland.

The COP also adopted a progress report on the horizontal review of the implementation of Article 11 and Article 25 of the Warsaw Convention and decided to extend the deadline by another year for those countries that had not sufficiently complied with the recommendations relating to both or one of these articles. Poland was obliged to report progress in the implementation of Article 25(3) of the Warsaw Convention. The entry into force of *Regulation (EU) 2018/1805 of the European Parliament and of the Council*⁵⁸ provided sufficient legal grounds for Poland to apply Article 25 (2) and (3) of the Warsaw Convention. The progress report again indicated that the above applies only to cooperation with other EU Member States and does not include other COP members, which limits the implementation of this article of the Warsaw Convention.

The COP also decided that, in the next reporting cycle, Parties to the Convention should voluntarily report on the progress made with regard to Article 9(3) of the Warsaw Convention (concerning the crime of money laundering in the context of suspicion/assumption that the

⁵⁸ *Regulation (EU) 2018/1805 of the European Parliament and of the Council of 14 November 2018 on the mutual recognition of freezing orders and confiscation orders (OJ L 303/1 of 28.11.2018)*

property was the proceeds of a crime), while in the case of Article 14 of the Warsaw Convention (regarding postponing of transactions) the report will be submitted by one state party, as it was found as part of the horizontal review that only this state party did not comply with the requirements of the indicated article.

During the aforementioned COP meeting, no article to be dealt with in the next horizontal review was agreed upon. This issue will depend on the available resources of the COP Secretariat and on the results of the joint session of the COP and the PC-OC as well as the potential burden on the Secretariat related to the possible processing of a new binding instrument of the Council of Europe (protocol regarding confiscation to the Warsaw Convention). The next, 15th COP meeting is scheduled for November 2023.

As part of the joint session of the COP and PC-OC on 17 November 2022, three panel discussions were held on non-conviction confiscation, sharing confiscated property, its management and reuse, as well as seizure and confiscation of virtual currencies. The participants and panellists discussed and supported the key recommendations contained in the 2019 PC-OC group document entitled “Study on the possible added value and feasibility of preparing a new binding instrument in the Council of Europe on international co-operation as regards the management, recovery and sharing of assets proceeding from crime” (PC-OC (2019) 04REV). At the joint session, it was agreed that it would be advisable to take action, in line with the directions proposed in the aforementioned study, in order to initiate a discussion aimed at the preparation of a new binding instrument of the Council of Europe (in the form of a protocol to the Warsaw Convention, subject to a separate process of signing and ratifying by the Parties concerned), covering asset recovery, sharing and management. This initiative was then to be referred for consideration to the Committee of Ministers of the Council of Europe.

7.8. Eurasian Group on Combating Money Laundering (EAG)

The aim of the Eurasian Group on Combating Money Laundering (EAG), as a FATF-style regional body and associate member of the FATF, is to protect the integrity of the global financial system by ensuring consistent implementation of the FATF recommendations in the field of combating money laundering, financing of terrorism and proliferation of weapons of mass destruction by countries from the Eurasian region. Besides the permanent members of the Group (Belarus, China, India, Kazakhstan, Kyrgyzstan, Russian Federation, Tajikistan, Turkmenistan and Uzbekistan), observer states, including Poland (since 2011), are also involved in its work. In practice, one of the leading roles in the Group’s work is played by the Russian Federation.

In connection with the armed aggression of Russia against Ukraine, and also taking into account discussions within international bodies involved in counteracting money laundering and financing of terrorism (including the FATF, MONEYVAL, Egmont Group and the Conference of States Parties to the Warsaw Convention)⁵⁹, regarding actions adequate to be taken in this

⁵⁹ The FATF banned Russian delegates from holding any leadership or advisory roles in it or taking part in decision-making on standard-setting, peer review processes, governance and membership matters. Russia can also no longer provide assessors, reviewers or other experts for FATF peer-review processes. In October 2022, the FATF banned Russian delegates from participating in current and future FATF project teams. Russia was also barred from participating in meetings of FSRBs as an FATF member.

situation towards the Russian Federation or the Russian Financial Intelligence Unit (Rosfinmonitoring) as a member of these bodies, Poland (due to Russia's key role in the EAG) in 2022, unlike in previous years, did not actively implement activities resulting from the observer status in the Group.

7.9. Counter ISIS Finance Group

In 2022, the GIFI continued its work within the Counter ISIS Finance Group (CIFG), operating as one of the working groups of the Global Coalition against Daesh. The Group was established in 2015 in Rome. It currently brings together nearly 70 countries and international organisations and coordinates action against ISIS financial support networks around the world. It is co-chaired by representatives of Saudi Arabia, the United States and Italy.

During two meetings of the Group in 2022, current information regarding the activities of the Global Coalition against Daesh in particular regions of the world and current trends in this organisation's fundraising methods was presented.

As every year, the Group monitored the activities of its member states in order to implement the adopted Action Plan. In 2022, activities were presented by CIFG members from: Middle East (Saudi Arabia, Iraq, Kurdistan Regional Government), Europe (Belgium, Finland, France, Spain, Sweden, the United Kingdom), Africa (Morocco, Nigeria, Kenya, Congo, Mozambique) and South and Southeast Asia (Indonesia, Philippines). The countries discussed, among others, efforts to implement reforms in AML/CFT systems and case studies of investigations and prosecutions aimed at preventing and punishing activities related to the financing of Daesh.

The discussion also covered strategic deficiencies in the global AML/CFT system that are used by Daesh to finance its activities. Particular attention was paid to the use of informal methods of transferring funds (e.g. the hawala system and cash couriers), virtual assets, donations obtained through social media and crowdfunding platforms, and proceeds from criminal activities (kidnapping for ransom, bribery as well as extortion and robbery experienced by people from conflict areas)

The discussion on the CIFG forum shows that preventive campaigns against Daesh should focus on preventing the financing of its activities, with particular emphasis on:

- active combination of activities related to combating financing of terrorism with activities related to combating terrorism, implemented on an international or interregional basis;
- development of public-private partnerships in the field of counteracting and combating terrorism and its financing;

In March 2022, the Committee of Ministers of the Council of Europe adopted a decision according to which Russia ceased to be a member of the Council of Europe, and it thus also ceased to be a member of MONEYVAL.

In November 2022, the Conference of States Parties to the Warsaw Convention decided to limit Russia's activity in the work of this body, among others, by allowing Russia to participate in its meetings only online.

The Egmont Group decided, among others, to prevent Rosfinmonitoring representatives from participating in the Group's meetings and projects, suspending some of Rosfinmonitoring's obligations towards the Group (such as payment of the annual fee), and preventing representatives of the Russian FIU from performing official managerial, advisory and representative functions in the Group.

- paying attention to emerging markets.

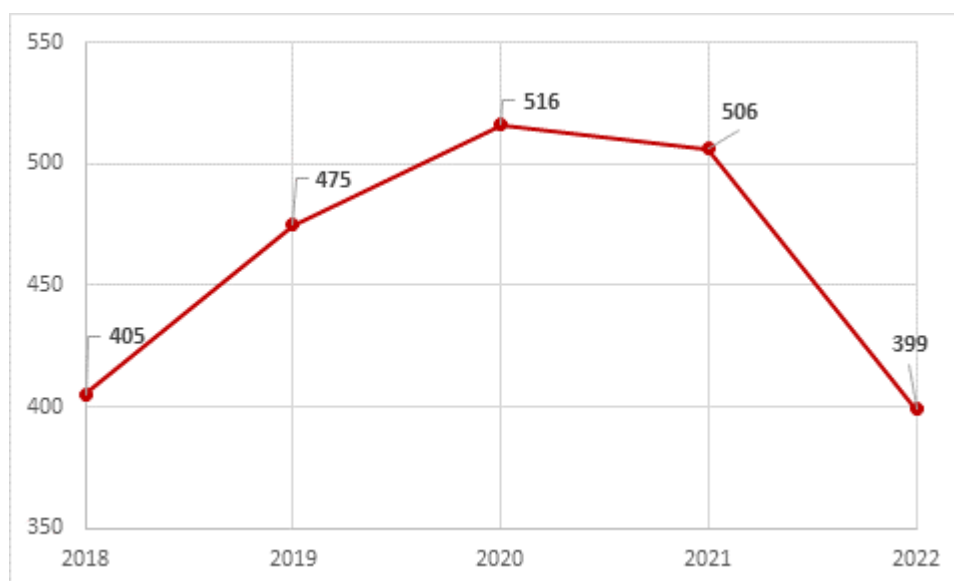
7.10. BILLATERAL COOPERATION

7.10.1 EXCHANGE OF INFORMATION WITH FOREIGN FINANCIAL INTELLIGENCE UNITS

Requests and information received by the GIFI from its foreign partners

In 2022, the GIFI received 399 requests from foreign FIUs, that concerned a total of 1,560 entities. This represents a decrease in the number of inquiries by approx. 21% compared to 2021. The GIFI responded to all requests, except for two requests from the Russian FIU⁶⁰.

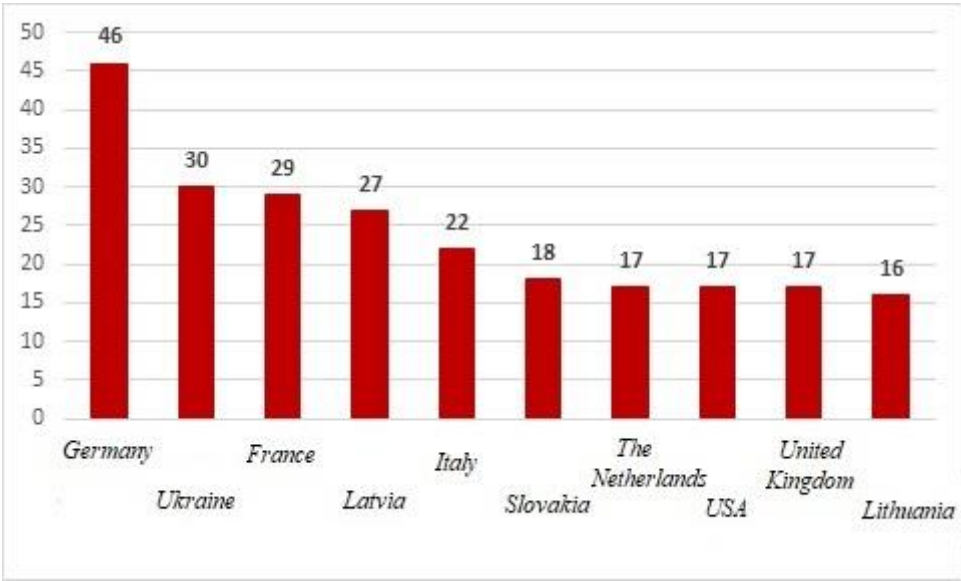
Chart 18 – Inquiries from foreign financial intelligence units in 2018-2022



Over 68% of the inquiries came from the FIUs of the EU Member States. The GIFI received the greatest number of inquiries from the FIUs in Germany, France and Latvia. As for the FIUs from non-EU countries, the largest number of requests for information were submitted to the GIFI by Ukraine, the United States of America and United Kingdom.

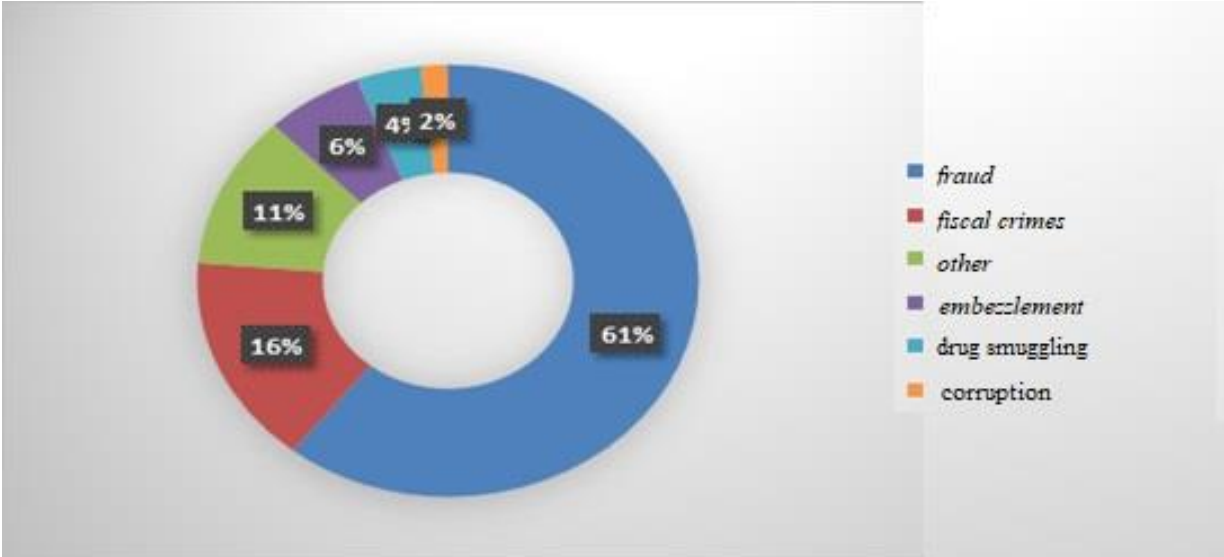
⁶⁰ The financial intelligence units of the EU Member States associated within the Egmont Group decided to stop exchanging information with the Russian financial intelligence unit.

Chart 19 – Top 10 countries from which foreign FIUs sent the largest numbers of inquiries in 2022



Nine requests related to possible financing of terrorism. In 102 requests, information related to possible money laundering was indicated, without specifying the possible predicate offence. In the other cases, potential fraud or tax offences were most often indicated as the predicate offence. Requests concerning entities suspected of, e.g. embezzlement, drug smuggling, human trafficking and corruption were also received.

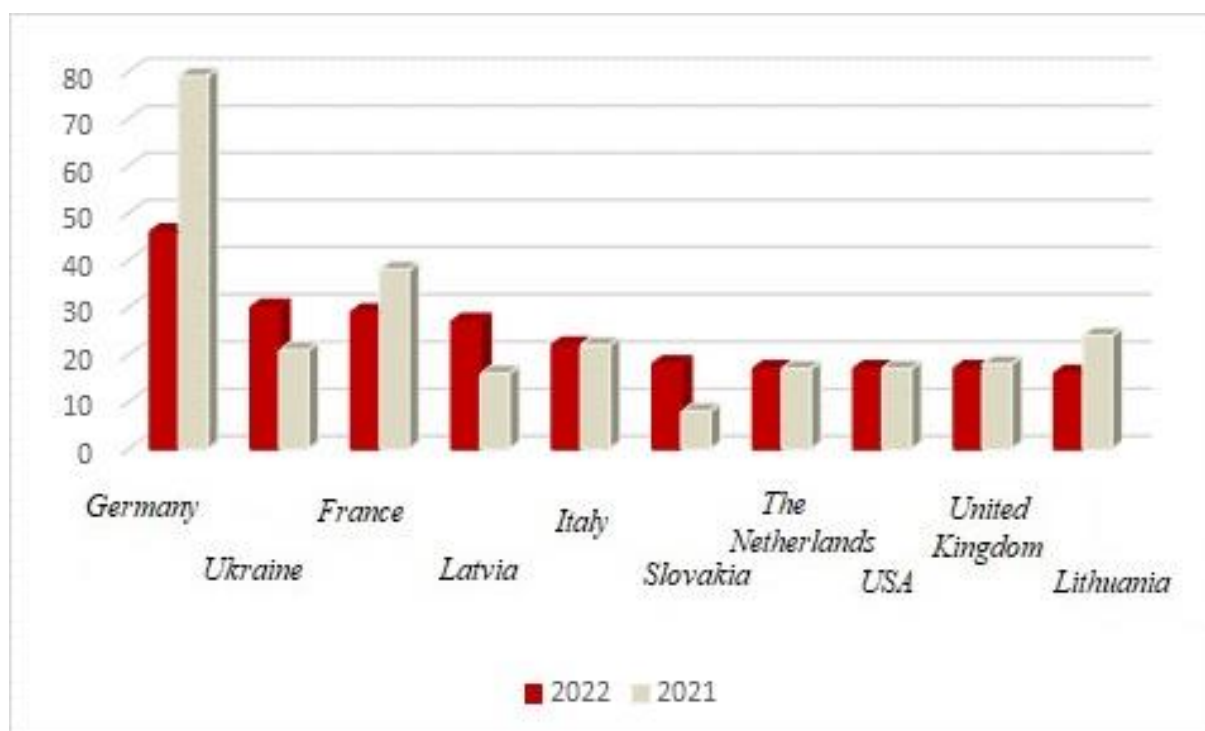
Chart 20 – List of the most common predicate crimes for money laundering in the requests sent by foreign FIUs in 2022



In 2022, the GIFI also received one inquiry from Europol concerning a total of 8 entities. Information exchange with Europol is conducted under Article 115 of the *AML/CFT Act*.

Despite the temporary disconnection of the Ukrainian FIU from the Egmont Secure Web in the first half of 2022, an intensification of cooperation with the Ukrainian partner was recorded compared to the previous year (30 inquiries in 2022 compared to 21 inquiries in 2021). There was, however, a significant decrease in the number of requests from the German FIU.

Chart 21 – Top 10 countries from which foreign FIUs sent the largest numbers of inquiries in 2022 compared to the numbers of inquiries sent in 2021



Due to the effective exchange of information between the GIFI and foreign financial intelligence units, the GIFI often facilitates the establishment of cooperation between domestic and foreign law enforcement agencies.

Besides requests, foreign intelligence units provide the GIFI also with foreign information on Polish entities or assets transferred to or from the territory of Poland. This information concerned unusual transactions, possible predicate crimes, or was derived from analyses and showed that the described transactions were possibly connected with money laundering or financing of terrorism. In 2022, the GIFI received a total of 46,675 such pieces information, almost three times more than in the previous year (16,973).

Such information can be divided into the following categories:

- spontaneous information provided to the GIFI as a result of an operational or strategic analysis performed by another financial intelligence unit – 400;
- cross-border reports regarding notifications of suspicious transactions submitted in other Member States and forwarded to the GIFI in accordance with Article 53(1)(3) of *Directive 2015/849* – 46,254;
- other information provided by foreign financial intelligence units or institutions and international organisations dealing with counteracting money laundering or financing of terrorism – 21.

Chart 22 – Foreign information provided by other financial intelligence units in 2018-2022

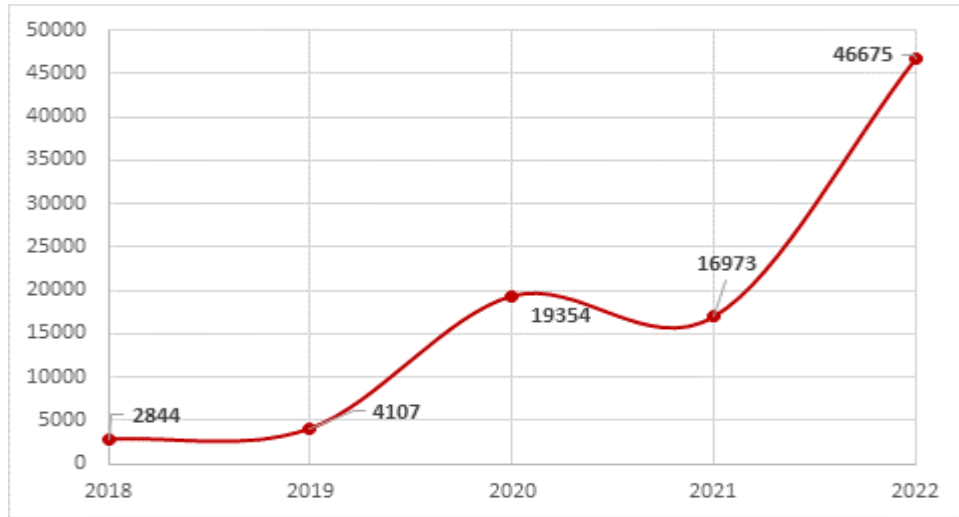
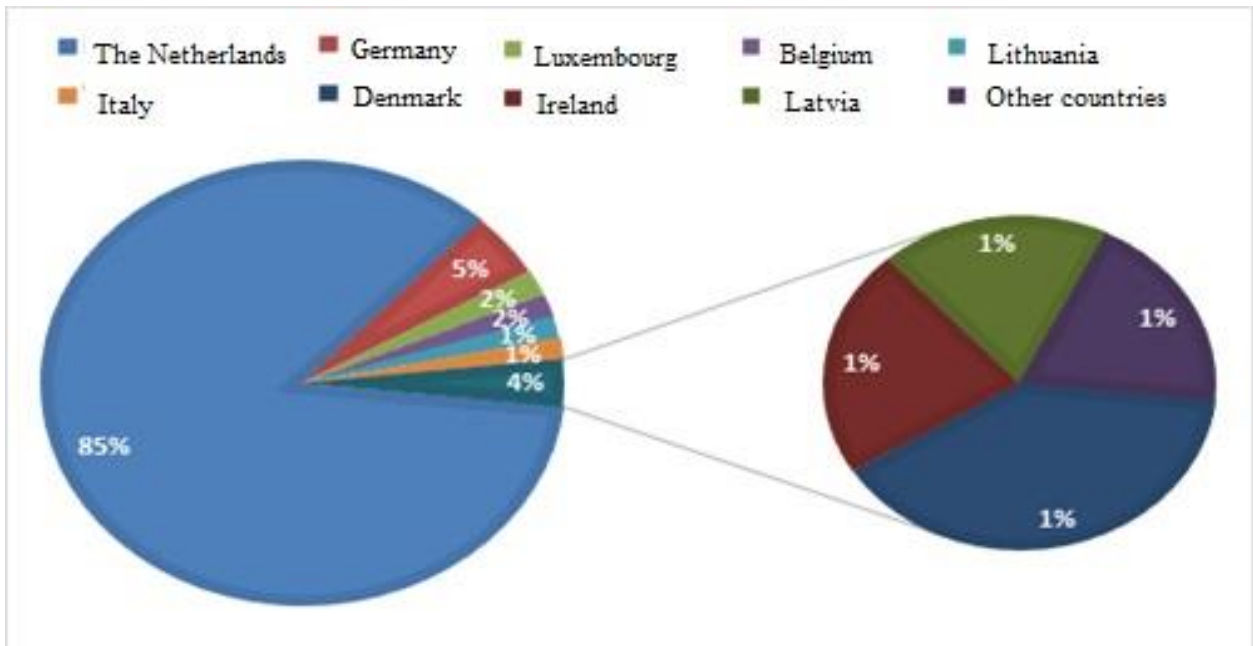


Chart 23 – Countries from which foreign FIUs sent the most foreign information in 2022



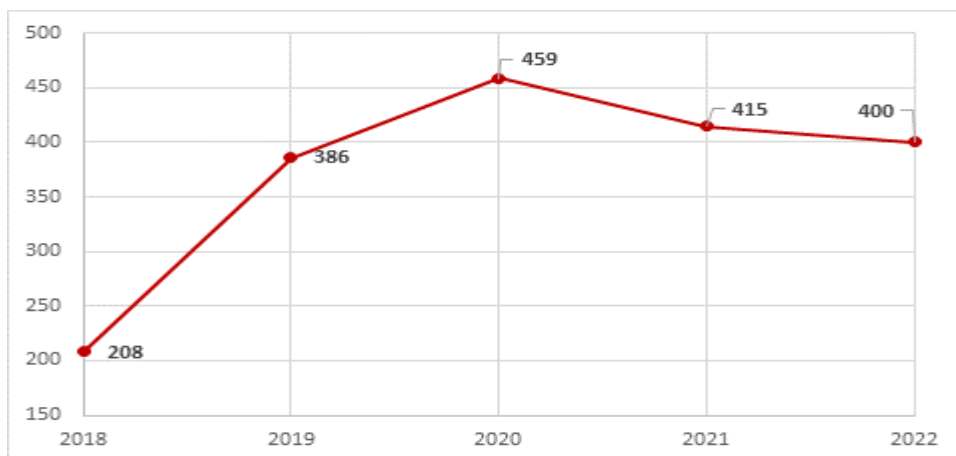
The discussed increase in foreign information is a derivative of the increase in the number of cross-border reports received from the Netherlands – from 13,778 to 39,800. Cross-border reports from the Netherlands, accounting for almost 85% of all foreign information, relate to unusual transactions (hence they are called unusual transaction reports) that are possibly related to Poland. Provided information usually covers particular transactions, which results in a large number of received reports.

Based on foreign information received from foreign partners, a total of 127 notifications were prepared in 2022 to cooperating units, most often to the Police, the Internal Security Agency and the National Revenue Administration.

Requests and information provided by the GIFI to its foreign partners

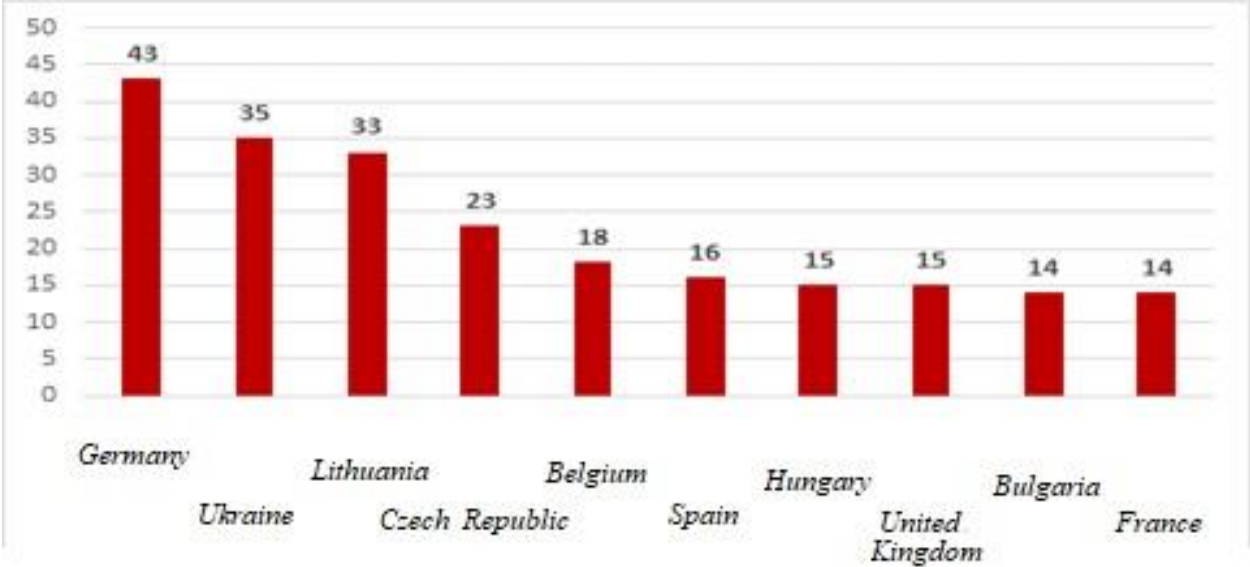
In 2022, the GIFI sent a total of 400 requests for information on 816 entities, most of which (68%) of which were addressed to EU Member States. The number of the requests was lower by approx. 4% compared to the previous year.

Chart 24 – Inquiries sent by the GIFI to foreign financial intelligence units in 2018-2022



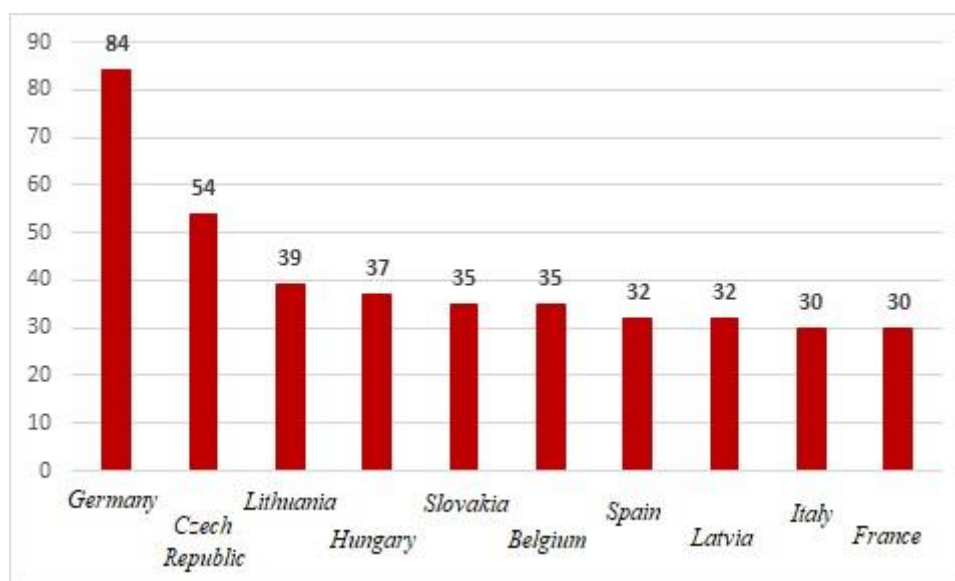
In connection with the conducted analytical cases, the GIFI cooperated most often with the FIUs from Germany, Ukraine, Lithuania, the Czech Republic and Belgium. Information obtained from abroad is used primarily to verify whether entities involved in transactions that obligated institutions and cooperating units find suspicious, are known to the foreign intelligence unit in connection with suspected money laundering, financing of terrorism or involvement in other criminal activities. The GIFI also receives data and information on financial flows, which makes it possible to determine the source of funds transferred to Poland or the further path of cash flows.

Chart 25 – Top 10 countries – foreign FIUs to which the GIFI sent the largest numbers of inquiries in 2022



In 2022, the GIFI, acting under Article 112(3) of the *AML/CFT Act*, drew up for foreign EU financial intelligence units a total of 651 reports on notifications concerning other Member States, which is 31% less than in 2021. The reports included information on at least a total of 2,358 entities.

Chart 26 – Top 10 countries – foreign FIUs for which the GIFI drew up the largest numbers of notifications under Article 112(3) of the *AML/CFT Act* in 2022



Apart from the cross-border reports, 12 spontaneous reports were also sent to foreign partners (one fourth of which were addressed to the Ukrainian FIU) with the findings of analytical proceedings conducted by the GIFI.

7.10.2. Basics of information exchange with foreign FIUs

Memoranda of understanding on the exchange of information in the area of combating money laundering and financing of terrorism, and cooperation undertaken thereunder, correspond to the provisions of *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*, i.e. the Warsaw Convention (CETS 198), as well as standards developed in this area by the Egmont Group. The scope of the information received and made available, particularly additional information, depends each time on the scope of the inquiry and compliance with the fundamental provisions of the national law.

In the current legal situation, the GIFI cooperation in the exchange of financial information related to counteracting money laundering and financing of terrorism with EU countries is regulated by Article 111(1) of the *AML/CFT Act*. Pursuant to Article 111(2) of the *AML/CFT Act*, the GIFI makes its financial information available to FIUs from non-EU countries on a reciprocal basis, and the exchange of information under the Warsaw Convention is regulated by Article 111(3) of the *AML/CFT Act*. Thus, in 2022, the GIFI did not sign any further memoranda of understanding on the exchange of information on counteracting money laundering and financing of terrorism.

7.11. Other international initiatives

7.11.1 Twinning project for Moldova

In June 2022, the twinning project for Moldova was finally completed. Its implementation was extended due to the COVID-19 pandemic and the restrictions imposed on countries for this reason. Despite the difficult pandemic situation, which required the use of special procedures in the implementation of the project (including meetings, training and workshops conducted fully or partially online), its goals were achieved. Representatives of the Polish FIU gained new experience during the implementation of this project together with the administration of the Republic of Moldova and partners from Lithuania and Germany.

The twinning project initiated in 2018 was a joint initiative of the Office for Preventing and Combating Money Laundering in the Republic of Moldova – the Moldovan FIU (project beneficiary), the Financial Investigation Service in the structure of the Ministry of the Interior of the Republic of Lithuania (lead partner of the project), the Polish FIU (junior project partner) and the University of Public Administration in Bremen, Germany (junior project partner). The project was managed by the Lithuanian Central Agency for Project Management. The aim of the project was to support activities aimed at strengthening the anti-money laundering system in the Republic of Moldova.

In March – May 2022, three study visits attended by representatives of Moldovan authorities and services, including the local FIU and the Prosecutor’s Office, the General Inspectorate of the Police, the Tax and Customs Service and the National Bank, were held in Poland. The purpose of the visits was, among others, to strengthen the control capacity in the area of AML/CFT of the competent control authorities of the Republic of Moldova and the analytical capacity of law enforcement agencies and related services, in particular in the field of combating financing of terrorism. All meetings organised by the Polish FIU aroused great interest among the Moldovan participants of the study visits. In 2022, online missions of Polish experts involved in the implementation of the project were also continued as part of its four components.

7.11.2. Regional workshops of FIUs from Central Europe

On 28-29 September 2022, Regional Conference of V4 FIUs “Role of FinTech in AML/CFT Policies”, attended by representatives of the GIFl, were held. The representative of the GIFl, as the Chairperson of the MONEYVAL Committee, co-chaired the workshops.

The entire event was devoted primarily to the exchange of views and obtaining information on the best practices in the field of counteracting money laundering and financing of terrorism, with particular emphasis on the role of modern technologies in the financial services markets.

7.11.3 Strengthening the risk assessment mechanisms and the AML/CFT strategic analysis function of the Polish Financial Intelligence Unit

In 2022, in response to Poland’s application, the European Commission awarded a grant for the implementation of the project entitled “Strengthening the risk assessment mechanisms and the AML/CFT strategic analysis function of the Polish Financial Intelligence Unit”.

The project is financed by the European Commission and co-financed and implemented by the Council of Europe. Its purpose is, among others, to support Polish authorities in the implementation of the recommendations from the assessment of the Polish AML/CFT system by the MONEYVAL Committee to make it compliant with the standards of the Financial Action Task Force (FATF), and in the implementation of EU regulations in this field.

In the short to medium term, it is expected to achieve results in the form of an updated national ML/FT risk assessment; introduction of a risk-based approach to the supervision of virtual assets; strengthening the FIU's ability to produce strategic analyses, and enhancing cooperation between the FIU, law enforcement agencies and AML/CFT supervisory authorities.

Project activities will be carried out in the form of conferences, seminars, workshops, etc.

In 2022, experts of the Council of Europe, based on the documents provided by the Polish FIU, got acquainted with the specific characteristics of the Polish AML/CFT system, and a kick-off meeting was held, during which the cooperation areas provided for in the project were discussed with representatives of the European Commission and the Council of Europe.

A Project Advisory Group (AG) was also established. Its task is to regularly summarise the status of the project activities, review the work progress and advise on the activities implemented and planned for implementation as part of the project. The Group includes representatives of the GIFI, cooperating units as well the European Commission and the Council of Europe.

As part of the project, representatives of the Polish FIU participated in a study visit to France to share experiences and learn about the experience of the French authorities, including the local FIU (TRACFIN), the French National Bank and other participants representing French institutions in the area of AML supervision. They also took part in workshops for AML supervisors organised in Portugal and workshops dedicated to strategic analysis and national risk assessment organised in Strasbourg, France, as well workshops on national proliferation financing assessment in Prague, the Czech Republic.

7.11.4 Roundtable on modern slavery

At the end of April 2022, the Ministry of Finance, in cooperation with the GIFI and the UN Academy, held, as part of UN FAST⁶¹, a roundtable on the risks related to human smuggling and trafficking, modern slavery, as well as threats to the financial sector related to these practices. The event was attended by representatives of the world of science, international organisations, the sector of non-governmental organisations, and financial intelligence units from Canada and Poland. During the meeting, the experiences of public and private entities in Poland and around the world in the area of risks related to smuggling and trafficking in human beings and modern slavery were discussed. The initiative resulted in the development of "Guidelines and Typology Report for Poland on Trafficking in Human Beings and Modern Slavery", published by the GIFI in the form of a newsletter.

⁶¹ Finance Against Slavery and Trafficking (FAST) was launched in September 2019 during the UN General Assembly as a project of the United Nations University Center for Policy Research in New York. FAST is a multi-stakeholder partnership that aims to mobilise the financial sector against modern slavery and human trafficking around the world, see <https://www.fastinitiative.org>.

7.11.5 Evaluation of the implementation and enforcement of the provisions of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions

The GIFI participated in the 4th Phase of the evaluation review of Poland in terms of the implementation and enforcement of the provisions of the Convention on Combating Bribery of Foreign Public Officials in International Commercial Transactions.⁶² Activities in the aforementioned respect are monitored as part of the system for peer reviews of the member states implemented by the OECD Working Group on Bribery in International Business Transactions (OECD WGB).

The evaluation covered, among others, issues related to regulations regarding politically exposed persons, the Register of Beneficial Owners, reports of actual or potential violations of AML/CFT regulations (reported by whistle-blowers), the National Assessment of the Risk of Money Laundering and Financing of Terrorism (including incorporation therein of bribery of foreign public officials), reporting transactions suspected of being related to laundering proceeds from corruption offences, international cooperation in the field of information exchange, activities aimed at raising the awareness of the FIU and obligated institutions of transactions bearing the risk of laundering money originating from bribery of foreign public officials.

Representatives of the GIFI participated in activities coordinated by the Ministry of Justice: prepared answers to the questionnaire, participated in meetings with OECD WGB experts, issued opinions on the draft evaluation report and participated in online meetings with the OECD WGB during which the report on Poland's evaluation was discussed and finally adopted (the meetings were held in Paris on 6-9 December 2022).

7.11.6 Activities as part of the TAIEX programme

In 2022, as part of the TAIEX programme, a representative of the GIFI participated in "Expert Mission on Free Movement of Capital – Anti-money Laundering" for the Turkish Republic of Northern Cyprus, under which the GIFI representative provided training and lectures for the FIU of the Turkish Republic of Northern Cyprus, representatives of obligated institutions (i.e. banks, insurance companies), and cooperating units (i.e. prosecutor's offices, the Police, tax offices). The GIFI representative participated in two missions as part of the project. The aim of the project is to promote good EU practices related to combating the illegal practice of money laundering and financing of terrorism, by presenting and implementing current EU AML/CFT legislation.

7.11.7 Participation in the "Collaboration, Research & Analysis Against the Financing of Terrorism" project

Continuing cooperation with the Royal United Services Institute (RUSI) under the three-year "Collaboration, Research & Analysis Against the Financing of Terrorism" (CRAAFT) project⁶³

⁶² Journal of Laws of 2001, No. 23, item 264

⁶³ CRAAFT is an academic and research initiative, building a community of experts (from public and private institutions) in order to strengthen and better coordinate activities in the field of counteracting

aimed at exchanging experiences in this field between countries, representatives of the GIFI and cooperating units participated in 2022 in project activities implemented by the RUSI.

On 13 September 2022, the “Financing of Terrorism Using the Fintech Sector” workshops were held in Warsaw. The GIFI supported the organisation of the workshops whose attendees included representatives of cooperating units (the prosecutor’s office, the Police and Internal Security Agency). The workshops were an opportunity to discuss with the experts-moderators the challenges in counteracting the financing of terrorism in the context of the activities of entities offering payment and financial services based on new technologies (FinTechs) and peer-to-peer (crowdfunding) platforms in Poland.

A meeting summarising the series of workshop meetings organised by the RUSI as part of the CRAAFT project in several EU countries (including in Poland: the aforementioned meeting entitled “Financing Terrorism Using the Fintech Sector” and workshops entitled “Opportunities/Ways to Strengthen the Effectiveness of Cooperation Between NPOs and the Financial Intelligence Unit, Law Enforcement Agencies, and Supervisory and Control Authorities in Counteracting the Financing of Terrorism to Reduce the Burden on the Core Activities of the NPO Sector” that took place in 2020) was held in Brussels in November 2022. During the meeting, the possible directions of state responses to the threat of financing terrorism in the context of a change in the nature of this threat (including, for example, changes in the threat landscape from one dominated by Daesh to a more diverse one, the opportunity to use new technologies by individuals financing terrorism) and the actions already taken to combat more effectively financing of terrorism were discussed. The event was attended by representatives of the GIFI. One of them, acting in the capacity of the Chairperson of the MONEYVAL Committee, presented activities in the area of combating the financing of terrorism undertaken by MONEYVAL member states.

7.12 INTERNATIONAL COOPERATION IN THE AREA OF AML/CFT SUPERVISION AND CONTROL

7.12.1 COOPERATION WITH THE EUROPEAN BANKING AUTHORITY (EBA)

Since 2020, pursuant to Article 9a(7) of *Regulation (EU) No 1093/2010 of the European Parliament and of the Council establishing a European Supervisory Authority (European Banking Supervision Authority – hereinafter referred to as “EBA”), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC* (OJ L 331 of 15.12.2010, p. 12, as amended), hereinafter referred to as Regulation 1093/2010, a Standing Committee on anti-money laundering and countering terrorist financing (“AMLSC”)⁶⁴ has been operating at the EBA. Its main purpose is to coordinate activities aimed at preventing the use of the financial

the financing of terrorism in the countries of the European Union and its vicinity. The project activities included a series of training to promote CFT cooperation between the public and private sectors.

⁶⁴ In accordance with Regulation 1093/2010 the AMLSC is composed of high-level representatives of authorities and bodies from all Member States, competent for ensuring compliance by financial sector entities with Regulation 2015/847 and Directive 2015/849, representatives of the EBA, the European Insurance and Occupational Pensions Authority, and the European Securities and Markets Authority. Moreover, the Commission, the European Systemic Risk Board, and the Supervisory Board of the European Central Bank each appoint one high-level representative to attend meetings of the Committee as observers.

system for money laundering or financing of terrorism and counteracting such use. The AMLSC also prepares, in accordance with the provisions of Directive 2015/849 and *Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006* (hereinafter referred to as Regulation 2015/847, OJ L 141, 5.06.2010, pp. 1-18), all draft decisions adopted in this respect by the EBA.

In 2022, representatives of the GIFI actively participated in the meetings of the AMLSC and together with representatives of the Office of the Polish Financial Supervision Authority (UKNF) and the National Bank of Poland (NBP) represented Poland in the Committee. Both authorities cooperate with each other on an ongoing basis other than as part of the analysis of materials prepared for the meetings. In 2022, seven meetings of the AMLSC were held. During the meetings, topics related to, among others, work carried out by the Committee, including the preparation of draft EBA guidelines, were discussed. The results of the work of the competent national authorities in the area of AML/CFT, within the AMLSC, include the publications of EBA guidelines regarding AML/CFT, addressed to obligated institutions and competent authorities. Discussions on current AML/CFT events (e.g. issues related to de-risking, cryptocurrencies or international sanctions) were also undertaken at the meetings. Moreover, at the Committee's meetings, the reports and opinions of the EBA prepared by its working groups (which may include representatives of the European Supervisory Authorities – "ESAS", as well as experts from national competent authorities) were put to the vote. In 2022, the EBA also had constant contact with representatives of the EU Member States in order to exchange information and collect additional information from competent national authorities, among others, by sending to representatives of the above-mentioned bodies questionnaires (regarding, for example, the regulation of AML/CFT issues in national law – such data and information is to help in the implementation of tasks imposed on the EBA).

AML/CFT colleges

In 2022, Poland continued cooperation with other competent domestic authorities in the area of AML/CFT as part of *Joint Guidelines JC/GL/2019/81 of 16 December 2019 on cooperation and information exchange for the purpose of Directive (EU) 2015/849 between competent authorities supervising credit and financial institutions (The AML/CFT Colleges Guidelines)*⁶⁵ published by the EBA. In 2022, representatives of the GIFI participated in six meetings of the AML/CFT colleges, in which the GIFI's participation was substantiated by its role of the financial intelligence unit and that of the authority controlling obligated institutions. During the meetings, topics related to the AML/CFT supervision activities taken with respect to entities to which the colleges relate were discussed and information was exchanged between the competent authorities being members of the AML/CFT college.

EBA Working Group on developing "Guidance on supervision of compliance with restrictive measures"

In 2022, the work of the EBA Working Group on developing guidance on supervision of compliance with restrictive measures was launched. The Working Group comprises an EBA representative as the main coordinator managing the Group's work and representatives of the

⁶⁵ <https://www.eba.europa.eu/regulation-and-policy/anti-money-laundering-and-e-money/jc-guidelines-on-cooperation-and-information-exchange-for-aml/cft-supervision-purposes>

competent authorities of Cyprus, Finland, France, Ireland, Lithuania, Latvia, Luxembourg, the Netherlands, Poland and Romania – a total of 10 representatives – one from each of these countries. Poland is represented in the EBA Working Group by a representative of the GIFI.

Once adopted, the guidelines will apply to all financial sector entities falling within the scope of the Directive on the prevention of the use of the financial system for money laundering or financing of terrorism. As part of their participation of the Working Group, its members present their position and indicate the relevant provisions of national and international law.

Provision of information on administrative sanctions by the GIFI to the EBA

Pursuant to Article 60 of Directive (EU) 2015/849, the Member States “shall ensure that a decision imposing an administrative sanction or measure for breach of the national provisions transposing this Directive against which there is no appeal shall be published by the competent authorities on their official website immediately after the person sanctioned is informed of that decision”. Pursuant to Article 62(1) of Directive (EU) 2015/849, the Member States shall ensure that their competent authorities inform the European Supervisory Authorities (i.e. EBA, ESMA, EIOPA) of all administrative sanctions and measures imposed in accordance with Article 58 and Article 59 of the Directive on credit or financial institutions, including any appeal in relation thereto and the outcome thereof. Pursuant to Article 152(7) of the *AML/CFT Act*, information on imposing an administrative sanction on obligated institutions shall be submitted to the European Supervision Authorities.

In accordance with the above-mentioned legal regulations, the GIFI shall provide, on an ongoing basis, information on administrative sanctions via eGATE operated by the EBA. In 2022, the GIFI provided through eGATE information on 29 administrative sanctions imposed by the GIFI, the Minister of Finance, the President of the NBP and the KNF.

7.12.2 COOPERATION WITH COMPETENT SUPERVISORY AUTHORITIES IN PARTICULAR COUNTRIES

In 2022, pursuant to Article 50a of Directive (EU) 2018/843, a foreign supervisory authority of an EU Member State, competent for AML/CFT supervision, requested the GIFI for information in the area of AML/CFT. The GIFI, acting pursuant to Article 116 of the *AML/CFT Act*, replied as part of cooperation with the competent supervisory authority of the EU Member State concerned.

In 2022, no requests from foreign FIUs were submitted to the GIFI pursuant to Article 50a of Directive 2018/843, to provide such entity with information on the control and analysis of the risk of money laundering and financing of terrorism.

In 2022, the GIFI shared on its own initiative with the authority of an EU Member State, competent for exercising supervision in the area of counteracting money laundering and financing of terrorism, one piece of information on an EU financial institution operating on a cross-border basis.

8. APPLICATION OF SPECIFIC RESTRICTIVE MEASURES

Pursuant to the *AML/CFT Act*, obligated institutions are required to apply specific financial restrictive measures with respect individuals and entities entered on the sanction lists published on the GIFI website.

In 2022, the GIFI informed obligated institutions and cooperating units about the rules for applying specific restrictive measures, in particular it continued a series of training courses dedicated to the obligations of obligated institutions in the area of counteracting financing of terrorism, including the application of specific restrictive measures, launched in 2020. As part of this training series, a total of six online training courses entitled “Application of Specific Restrictive Measures and the National Assessment of the Risk of Money Laundering and Financing of Terrorism – Threats and Vulnerabilities” were held in March, June, September and December for representatives of currency exchange office operators, entities providing bookkeeping services, notaries and intermediaries in real estate trading.

The GIFI responded on an ongoing basis to obligated institutions’ inquiries regarding the implementation of obligations related to counteracting the financing of terrorism, resulting from the application of specific financial restrictive measures towards such entities, sent to a dedicated e-mail box: srodkiograniczajace@mf.gov.pl.

The obligated institutions that subscribed to the GIFI newsletter also received information on current changes on the above-mentioned sanction lists.

Moreover, the GIFI participated in the analysis and evaluation of materials examined during the meetings of the Working Party of Foreign Relations Counsellors (RELEX) and the Commission’s Expert Group on EU Restrictive Measures and Extraterritoriality.

In connection with the war in Ukraine, in March 2022, the Commission established the Freeze and Seize Task Force and the associated Asset Freezes and Reporting Sub-Group within the Expert Group on EU Restrictive Measures and Extraterritoriality. The GIFI was represented in both bodies. With the entry into force of the *Act of 13 April 2022 on special solutions for counteracting the support of aggression against Ukraine and for the protection of national security*, the GIFI was empowered to control compliance with the restrictive measures set out in *Regulation 765/2006*⁶⁶, *Regulation 269/2014*⁶⁷, *Regulation 833/2014*⁶⁸ and in the *Act of 13 April 2022 on special solutions for counteracting the support of aggression against Ukraine and for the protection of national security* – with respect to obligated institutions referred to in the *AML/CFT Act*.

⁶⁶ Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures against President Lukashenko and certain officials of Belarus

⁶⁷ Council Regulation (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine

⁶⁸ Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine

In 2022, the GIFI did not receive any notification of freezing assets of entities included in the sanction lists related to counteracting the financing of terrorism, or refusal to make assets available to such entities.

9. FINANCIAL SECURITY COMMITTEE



In 2022, the work of the Financial Security Committee focused primarily on the summary of the evaluation by the MONEYVAL Committee of the Polish system for counteracting money laundering, financing of terrorism and proliferation of weapons of mass destruction as well as actions taken by cooperating units to implement the most important recommendations contained in the evaluation report.

The Committee also participated in the preparations for another two evaluations of elements of the Polish system of counteracting money laundering and financing of terrorism, i.e.:

- evaluation of the effectiveness of the implementation and application by Poland of *Directive 2015/849*;
- evaluation by the European Banking Authority of the supervision exercised over banks in terms of its compliance with EU regulations on counteracting money laundering and financing of terrorism.

The Committee members evaluated the actions provided for in the National Strategy for Counteracting Money Laundering and Financing of Terrorism under Priority V. *Organisation of an effective system of training and exchange of knowledge and experiences*, and Priority VI. *Defining uniform rules for generating statistical data needed to evaluate the effectiveness of the National Strategy for Counteracting Money Laundering and Financing of Terrorism* and its particular components, and periodically received information on progress in the implementation of the actions provided for in the Strategy.

Moreover, the Committee was regularly informed about the work on updating the National Assessment of the Risk of Money Laundering and Financing of Terrorism. The Committee members were also familiarised with the Report from the Commission to the European Parliament and the Council on the assessment of the risk of money laundering and terrorist financing affecting the internal market and relating to cross-border activities⁶⁹.

The Committee acted on Turkey's request to include an entity in the sanction list under UNSCR 1373.

A total of four meetings of the Committee were held in 2022, including two ones without a quorum required under the provisions of the *AML/CFT Act*.

⁶⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022DC0554>

10. WORK ON UPDATING THE NATIONAL RISK ASSESSMENT AND ON THE IMPLEMENTATION OF THE STRATEGY FOR COUNTERACTING MONEY LAUNDERING AND FINANCING OF TERRORISM

On 19 April 2021, the Council of Ministers adopted *Resolution No. 50 on the adoption of a strategy for counteracting money laundering and financing of terrorism*. The Resolution was published on 11 May 2021 in Monitor Polski under No. 435. The Resolution has an appendix entitled “Strategy for Counteracting Money Laundering and Financing of Terrorism” (hereinafter referred to as the Strategy). The solutions proposed in the Strategy are to improve the operation of institutions and authorities that constitute the national system for counteracting money laundering and financing of terrorism. The implementation of the objectives contained in the Strategy should ensure the optimal use of their resources by these institutions and authorities, and enable the accomplishment of synergy in counteracting money laundering and financing of terrorism. The Strategy indicates the time frames for the implementation of specific actions as well as public administration authorities and units responsible for these actions. The Strategy assumes that the responsibility for monitoring its implementation rests on the GIFI. In fulfilling its obligation to monitor the implementation of the Strategy, this GIFI is supported by the Financial Security Committee that reviews the progress in the Strategy implementation. The Strategy for 2022 provided for the implementation of 19 out of 27 Strategy actions. The Ministry of Justice was responsible for the implementation of two actions, the Ministry of Finance was responsible for the implementation of four actions, and the GIFI was responsible for the implementation of thirteen actions. Out of the Strategy actions the responsibility for which rests with the Minister of Finance – Action 18: “Analysis of the legal, financial and organisational capacities to develop an ICT system for secure correspondence between the FIU and the cooperating units” – by the decision of the deputy minister of finance, has been entrusted with the Department of Information Financial operating within the structure of the Ministry of Finance. However, it should be noted that the Department of Financial Information is an organisational unit separated in the Ministry of Finance to ensure the proper implementation of the GIFI’s tasks. The decision to entrust the implementation of Action 18 with the Department of Financial Information was due to the fact that the Department of Financial Information launched work on an IT project called SIGIIF 2.0 System. The purpose of the designed SIGIIF 2.0 system is to increase the effectiveness of the Polish system for counteracting money laundering and financing of terrorism and to create an IT structure enabling its further development, expected as a result of technological developments and changes in the legal and social environment. The designed SIGIIF 2.0 system will include, among others, a module for conducting secure correspondence between the FIU and cooperating units and obligated institutions.

As for Action 7: “Updating the regulations regarding virtual currencies, including the extension of their definition, based on the FATF standards for virtual assets”, the entity responsible for its implementation did not take action. The implementation of the task was abandoned due to the planned adoption of the EU MiCA Regulation (*Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets, and amending Directive (EU) 2019/1937*) that will introduce definitions of crypto-assets and crypto-asset service providers,

as well as the EU AML Regulation (*Proposal for a Regulation of the European Parliament and of the Council on information accompanying transfers of funds and certain crypto-assets*), referring to MiCA Regulation, that will transpose these definitions to the AML regulations applicable directly in the Member States.

Six actions out of all actions provided for in the Strategy for 2022 were implemented (including four ones to be implemented by the GIFI). The implementation of one of the actions was abandoned (as mentioned above). The implementation of the remaining twelve Strategy actions planned for 2022 (including eight actions to be implemented by the GIFI) was postponed to 2023.

It should be noted that in 2022, Russia started a full-scale, unprovoked and unjustified war against Ukraine, which had a far-reaching impact on the international situation. The influx of refugees from Ukraine, as well as the unprecedented sanctions imposed on Russia and Belarus, needed to be taken into account when developing the National Risk Assessment. Moreover, on 27 October 2022, the Commission published the Report to the European Parliament and the Council on the assessment of the risk of money laundering and terrorist financing affecting the internal market and relating to cross-border activities (COM(2022) 554 final), along with an accompanying document constituting the supranational risk assessment (SWD(2022)344 final). The publication of the aforementioned documents affected the form of the draft National Risk Assessment and extended the work on this document.

At the end of 2022, the draft of the new version of the National Assessment of the Risk of Money Laundering and Financing of Terrorism was presented to the members of the Financial Security Committee, following which the submitted comments were considered. Due to the fact that work on the National Assessment of the Risk of Money Laundering and Financing of Terrorism was not completed in 2022, it is reasonable to include in the document being developed statistical data of cooperating units for 2022, in particular data presented by the prosecutor's office, the National Revenue Administration and the Police. Due to the deadlines for the publication of statistical data by particular cooperating units, work on the new version of the National Assessment of the Risk of Money Laundering and Financing of Terrorism could not be completed in the first quarter of 2023.

11. LEGISLATIVE ACTIVITY



In 2022, the legislative activity of the GIFI concerned, in particular, communication with obligated institutions and cooperating units, and consisted in ongoing sharing of knowledge in the area of counteracting money laundering and financing of terrorism in the Public Information Bulletin on the website of the office serving the minister competent for public finance, in the form of GIFI communications.

In 2022, the Department of Financial Information completed, at the governmental stage, work on the draft *Act on the Financial Information System* (UC66) started in 2020. On 1 December 2022, the Sejm of the Republic of Poland passed the act in question and referred it to the Senate of the Republic of Poland for consideration. On 23 January 2023, the Act was signed by the President of the Republic of Poland and submitted for publication in the Journal of Laws. The Act is aimed at implementing Article 1(19) of *Directive 2018/843* and *Directive (EU) 2019/1153 of the European Parliament and of the Council of 20 June 2019 laying down rules facilitating the use of financial and other information for the prevention, detection, investigation or prosecution of certain criminal offences, and repealing Council Decision 2000/642/JHA* (OJ L 186, 11.7.2019, p. 122).

The Financial Information System developed under the aforementioned Act is aimed at:

- counteracting money laundering and financing of terrorism;
- preventing and combating serious crimes;
- accelerating and streamlining control proceedings concerning asset declarations;
- implementing the statutory tasks of the Head of the KAS in the field of identifying and recovering property at risk of forfeiture, identifying, detecting and combating crimes and fiscal crimes, preventing such crimes and prosecuting their perpetrators.

In 2022, representatives of the Department of Financial Information participated also in the work under the EU AML/CFT regulatory package as part of a working group of the Council of the European Union.

The tasks of the GIFI also included ongoing evaluation of draft normative acts falling within its competence.