



**OFFICE FOR
PREVENTION AND FIGHT
AGAINST MONEY LAUNDERING**



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ORDER

08 June 2018

no. 17

***Regarding the approval of the Guidelines on
the identification and monitoring
of politically exposed persons***

Pursuant to the provisions of art. 19 para. (1) lett. f), art. 22 para. (1) lett. k), art. 22 para. (2), art. 37 para. (10), para. (12) of Law no. 308 of 22.12.2017 “on prevention and fight against money laundering and terrorism financing”,

I HEREBY ORDER:

1. The “Guidelines on the identification and monitoring of politically exposed persons” are hereby approved according to annex no. 1.
2. The list of positions determining the capacity of the exposed person at national level is hereby approved according to annex no. 2.
3. The interaction with reporting entities, their supervisory and regulatory bodies, as well as the control over the enforcement of this order will be incumbent upon the Surveillance and Compliance Service.
4. These Guidelines will enter into force on 23 August 2018.

Director

Vasile ȘARCO

GUIDELINES ON THE IDENTIFICATION AND MONITORING OF POLITICALLY EXPOSED PERSONS

Chapter I

GENERAL PROVISIONS

1) **Politically exposed persons** represent natural persons that exercise or exercised during the last year prominent public functions at national and/or international level, as well as members of the governing authorities of political parties.

2) **Natural persons that exercise prominent public functions at international level** are natural persons that hold or held the positions of:

- Head of State, Governments and Cabinets of Ministers;
- Deputy Ministers, members of Governments, Chiefs of State Chancelleries;
- Deputies;
- leaders of political parties;
- judges of the supreme courts of justice;
- members of the courts of accounts and councils of national banks;
- officers with senior and supreme military ranks and senior management;
- members of the governing and management authorities of state-owned enterprises;
- members of royal families;
- ambassadors and senior rank personnel of diplomatic missions;
- directors, deputy directors and members of the management boards of international organizations.

3) **Natural persons that exercise prominent public functions at national level** are natural persons that hold or held positions of:

- prominent public dignity in accordance with the legislation;
- members of governing and management boards of state enterprises, municipal enterprises;
- members of governing and management boards of trading companies with majority of state-owned capital;
- leaders of political parties;
- officers with senior and supreme military ranks;
- other natural persons who exercise prominent public functions at national level.

4) **Members of families of politically exposed persons** are the husband/wife or children and their husbands/wives, live-in partner, parents of the politically exposed person.

5) **Persons associated with politically exposed persons** are persons known as being closely connected to a politically exposed person, either socially or professionally, business colleagues, in a close business relationship and/or personal advisors, particularly financial consultants or persons acting in a financial-trust capacity.

6) **Person with senior management positions of the reporting entity** is a person in charge or an employee who has sufficient knowledge on the exposure of the institution to the risk of money laundering and terrorism financing and whose capacity is

sufficiently high to make decisions on such exposure and who must not necessarily be a board member.

7) **Beneficial owner** is a natural person that ultimately owns or controls a natural or legal person or beneficiary of an investment company or manager of the investment company, or a person in whose name an activity is carried out or a transaction is performed and/or who owns, directly or indirectly, the right of ownership or control of at least 25% of the shares or of the voting rights of the legal person or of the goods under fiduciary administration.

8) The information or data obtained with regard to the politically exposed persons will be permanently updated, including based on the outcomes of the risk assessment, but at least once a year, and the outcome of the re-examination must be documented;

9) The capacity of politically exposed person is maintained for a year after the termination of the exercise of the public function, and for high-risk cases, this term may be extended for an indefinite term, upon the discretion of the reporting entity.

10) The reporting entities will have internal procedures that will provide for client (including potential clients) or their representatives information regarding the responsibility to provide truthful information on the capacity of politically exposed person, as well as on measures that may be applied by the reporting entity according to the legislation on preventing and fighting money laundering and terrorism financing in case the client (potential client) or its representative refuses to offer information regarding the capacity of politically exposed person or offers false or incomplete data to the reporting entity.

Chapter II

IDENTIFICATION OF POLITICALLY EXPOSED PERSONS, FAMILY MEMBERS OR PERSONS ASSOCIATED WITH THE POLITICALLY EXPOSED PERSONS AND BENEFICIAL OWNER

11) Within the identification process, upon the establishment of the business relations or in the course of the activity, as well as within occasional transactions, the reporting entities will have adequate internal procedures for gaining sufficient information about the client, beneficial owner or natural person regarding whether they fall within the definition of the politically exposed person. Concurrently, the reporting entities will proceed with a set of risk-based measures, including information, data and document-based measures obtained as a result of the application of the identification measures provided by the law to determine whether the client or the beneficial owner of the client is or is not a politically exposed person, family member of the politically exposed person or a person associated with the politically exposed person.

12) Initially, the entity, within the verification process, may request a written statement or that the client (including the potential client) or the person representing them fills out a questionnaire where they are proposed to communicate on own responsibility sufficient information about themselves, family members, associated persons, beneficial owner, place/places of work and position/positions held during the last 12 months etc.

13) Subsequently, the reporting entity will verify the authenticity of the data obtained through other alternative sources of information, which may be used for the identification of the politically exposed person, including:

- The official website of the National Integrity Agency (www.ani.md) or of the similar authorities from other states;
- Suppliers of databases regarding PEP;
- Media and magazines;
- Internet search engines;
- Other available sources.

14) Therefore, the reporting entities, examining the information gained from at least the sources indicated hereinabove, will establish if the client or the natural person carrying out an occasional transaction or the beneficial owner represents a politically exposed person, is the family member or the associate of the politically exposed person and will record it.

Chapter III

APPLICATION OF ENHANCED DUE DILIGENCE MEASURES

15) In the transactions or in the business relations with clients or their beneficial owners who are politically exposed persons, family members of the politically exposed persons and persons associated with politically exposed persons, the reporting entities, in addition to the due diligence measures provided by art. 5 of Law no. 308 of 22.12.2017 “on prevention and fight against money laundering and terrorism financing”, undertake the following:

- a) Obtain the approval of the person with senior management positions in the establishment or continuation of business relations with such clients/beneficial owners;
- b) Obtain the approval of the person with senior management positions for the transaction with substantial values, as well as analyse and account for the rationale of the transaction requesting the additional documents related to the transaction;
- c) Adoption of appropriate measures regarding determination of the source of goods involved in business relationships or in transactions with such clients/beneficial owners/ but also the source of the funds (wealth) which refers to the origin of the entire property, i.e. total assets of the person. In this respect, the reporting entity will give special attention not only to the financial means that were transferred from another financial institution, except when the partner financial institution already has documents confirming that the source of the funds (wealth) was established.

For the identification of the source of the funds (wealth) information from other sources and databases may be consulted, such as: information on the salary, taxes paid, movable and immovable goods, declaration of assets and interests etc.

- d) Establish typologies and transactions to be prudentially monitored in the transactions with substantial deposits and cash withdrawal, transactions with the clients from the same area of activity or sphere of influence;
- e) Carry out enhanced on-going monitoring of business relationship.

16) The reporting entities shall take measures in order to determine whether the beneficiaries of life insurance policy or annuities and/or, as the case may be, the beneficial owner of beneficiary are politically exposed persons, family members or persons associated with the politically exposed persons.

Applies prudential monitoring of the entire business relationship with the insurance policy holder by establishing the relations between the insurance policy holder and the politically exposed person, identifying the reason for appointing the

politically exposed person as the insurance beneficiary, identifying the method of payment of the insurance premium.

The concerned measures shall be adopted at the latest at the time of payment or at the time of full or partial assignment of the policy. In case higher risks have been identified, the reporting entities, in addition to client due diligence measures provided in art. 5 of Law no. 308 of 22.12.2017 “on prevention and fight against money laundering and terrorism financing” undertake the following:

a) informs the person with senior management positions before the payment of income corresponding to insurance policy;

b) performs an enhanced examination of the entire business relationship with the insured person.

Chapter IV

MONITORING BUSINESS RELATIONSHIPS WITH THE POLITICALLY EXPOSED PERSONS

17) The reporting entities, within the process of enforcing the provisions of p.15 of the present Guidelines, in the business relations with the politically exposed persons, family members and persons associated with the politically exposed persons, apply a process of analysis and verification, including from the perspective of special factors, such as:

- the person owns or controls, fully or partially, directly or indirectly, a financial institution and/or a professional participant in the non-bank market;

- the person owns or controls, fully or partially, directly or indirectly, a financial institution and/or a professional participant in the non-bank market who is partner or correspondent in a transaction with the reporting entity;

- the personal wealth or lifestyle is inconsistent to the legitimate sources of income or the known wealth of the person, as well as the transactions carried out;

- there are reasonable suspicions that the person attempted to conceal the nature of their income;

- the person is responsible or capable to influence significant public procurement processes;

- the person is responsible for the award of licenses, authorisations, Governmental permits limited to sectors considered high corruption risk sectors, such as: constructions, mineral extraction, health protection etc.;

- the person has preferential access to privatization of former state assets;

- the politically exposed person at international level, who is citizen or resident, or has business interests with a high illicit trafficking risk of drugs and psychotropic substances, country with autocratic and authoritarian political regime or country which have been identified as having strategic shortcomings including a high level of corruption;

- other criteria based on the identified risk regarding the client, the business relationship, transactions performed etc.

18) Following this process, the reporting entity will establish whether the activity or the transactions of the person, including the operations carried out on their behalf, correspond to the indexes and criteria in the Guide on identification and reporting suspicious activities and transactions of money laundering (approved by Order of the

SPCSB Director no. 15 of 08.06.2018) informing the Office for Prevention and Fight against Money Laundering, as the case may be, pursuant to the provisions of art. 11 of Law no. 308/2017.

*Annex no.2 to the Order
no.17 of 08 June 2018*

**LIST OF FUNCTIONS DETERMINING THE CAPACITY AS POLITICALLY EXPOSED PERSON AT
NATIONAL LEVEL**

| D) prominent public dignity functions pursuant to the legislation | |
|--|--|
| 1 | President of the Republic of Moldova |
| 2 | President of the Parliament |
| 3 | Prime Minister |
| 4 | Vice-President of Parliament |
| 5 | First-Deputy Prime Minister |
| 6 | Deputy Prime Minister |
| 7 | Member of Parliament |
| 8 | Minister |
| 9 | General Secretary of State |
| 10 | State Secretary |
| 11 | Government General Secretary |
| 12 | Deputy General Government Secretary |
| 13 | Governor (Başcan) of Autonomous Territorial Unit of Găgăuzia |
| 14 | President of the People's Assembly of the Autonomous Territorial Unit of Găgăuzia |
| 15 | Vice President of People's Assembly of the Autonomous Territorial Unit of Găgăuzia |
| 16 | President of the permanent committee of the People's Assembly of the Autonomous Territorial Unit of Găgăuzia |
| 17 | Prime Vice President and Vice President of the Executive Committee of the Autonomous Territorial Unit of Găgăuzia |
| 18 | Municipality Mayor (General Mayor), Vice Mayor |
| 19 | Regional President, Vice President |
| 20 | General Director (Director) of the central administrative authority |
| 21 | President, judge of the Constitutional Court |
| 22 | President, member of the Superior Council of Magistracy with core activity in the Council |
| 23 | President, Vice President of the Supreme Court of Justice |
| 24 | President, Vice President of the Court of Appeal |
| 25 | President, Vice President of the court of first instance |
| 26 | General Prosecutor, General Prosecutor First Deputy, General Prosecutor Deputy, Chief Prosecutor of specialized Prosecutor's Office, Chief Prosecutor of territorial Prosecutor's Office |
| 27 | Ombudsman, Ombudsman for Children's Right |
| 28 | President, Vice President, Member of the Court of Auditors |
| 29 | Director, Deputy Director of the Security and Intelligence Service |
| 30 | Director, Deputy Director of the National Anti-Corruption Centre |
| 31 | President, Vice President of the Central Election Commission |
| 32 | President, member of the Coordinating Council on Audio-visual |
| 33 | President, Vice President, member of the National Commission for Financial Markets |
| 34 | President, Vice President of the National Integrity Authority |
| 35 | President of the Council for the prevention and elimination of discrimination and equality insurance |
| 36 | Governor, Prime Vice Governor, Vice Governor of National Bank of Moldova |
| 37 | General Director, Director of National Energy Regulatory Agency |
| 38 | Director, Deputy Director of National Regulatory Agency for Electronic Communications and Information Technology |
| 39 | General Director, Deputy General Director of National Agency for Settlement of Claims |

| | |
|--|--|
| 40 | President, Vice President, member of the Competition Council Plenum |
| 41 | Chief, Deputy Chief of the State Chancellery territorial office |
| 42 | Director, Deputy Director of the State Protection and Guard Service |
| 43 | Director, Deputy Director of the Office for Prevention and Fight against Money Laundering |
| 44 | Director, Deputy Director of the National Centre for Personal Data Protection |
| 45 | Head of Civil Service Centre |
| 46 | President, Vice President of the National Council for Accreditation and Attestation |
| 47 | Head of Special Couriers State Service |
| 48 | General Director, Deputy General Director of National Food Safety Agency of Moldova |
| 49 | General Director of National Health Insurance Company |
| 50 | President of the National House of Social Insurance |
| 51 | Director of the Archive State Service |
| 52 | Government agent - representative of the Government of the Republic of Moldova at the European Court of Human Rights |
| II) personnel from the cabinet of the persons with prominent dignity functions according to the legislation | |
| 53 | Secretary General, Deputy Secretary General of the President Apparatus |
| 54 | President's Advisor |
| 55 | Head of the Parliament President Cabinet and of Parliament Vice President |
| 56 | Advisor of the Parliament President and Parliament Vice President |
| 57 | Head of Prime Minister Cabinet, Prime Vice Prime Minister, Vice Prime Minister |
| 58 | Advisor of Prime Minister, Prime Vice Prime Minister, Vice Prime Minister |
| III) members of the governing and management bodies of the state-owned enterprises, municipal enterprises, as well as trading companies with majority state-owned capital | |
| 59 | Director of the state-owned enterprise or municipal enterprise; |
| 60 | Member of the Board of Directors of the state-owned enterprise or municipal enterprise; |
| 61 | President of the Auditing Committee of the state-owned enterprise or municipal enterprise; |
| 62 | Director of the commercial society with majority state-owned capital; |
| IV) leading persons of political parties | |
| 63 | President, Vice President of the political party |
| V) officers with senior and supreme military ranks | |
| 64 | Chief of National Army General Staff, National Army Commander; |
| 65 | Deputy Chief of National Army General Staff, Director of National Army General Staff; |
| 66 | Land Force Commander |
| 67 | Air Force Commander |
| 68 | Commander, Chief of Carabinieri Troops General Staff |
| 69 | Head, Deputy Head of General Police Inspectorate |
| 70 | Head, Deputy Head of General Border Inspectorate |
| 71 | Head, Deputy Head of Civil Protection and Exceptional Situations Service |
| 72 | Director, Deputy Director of Bureau for Migration and Asylum |
| 73 | Head, Deputy Head of National Inspectorate of Investigation |
| VI) other politically exposed persons | |
| 74 | Director, Deputy Director of State Tax Service |
| 75 | General Director, Deputy Director of Customs Service |
| 76 | Director, Deputy Director of Financial Inspection |
| 77 | Director, Deputy Director of Public Procurement Agency |
| 78 | Director, Deputy Director of Public Property Agency |
| 79 | Director, Deputy Director of National Agency for Public Health |
| 80 | Director, Vice Director of I.P. "Public Services Agency" |
| 81 | Ambassador, Consul General of Republic of Moldova |
| 82 | Permanent representative of Republic of Moldova in international organizations |

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Disclaimer:

This document has been translated within the CLEP project, implemented in the Republic of Moldova.

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