

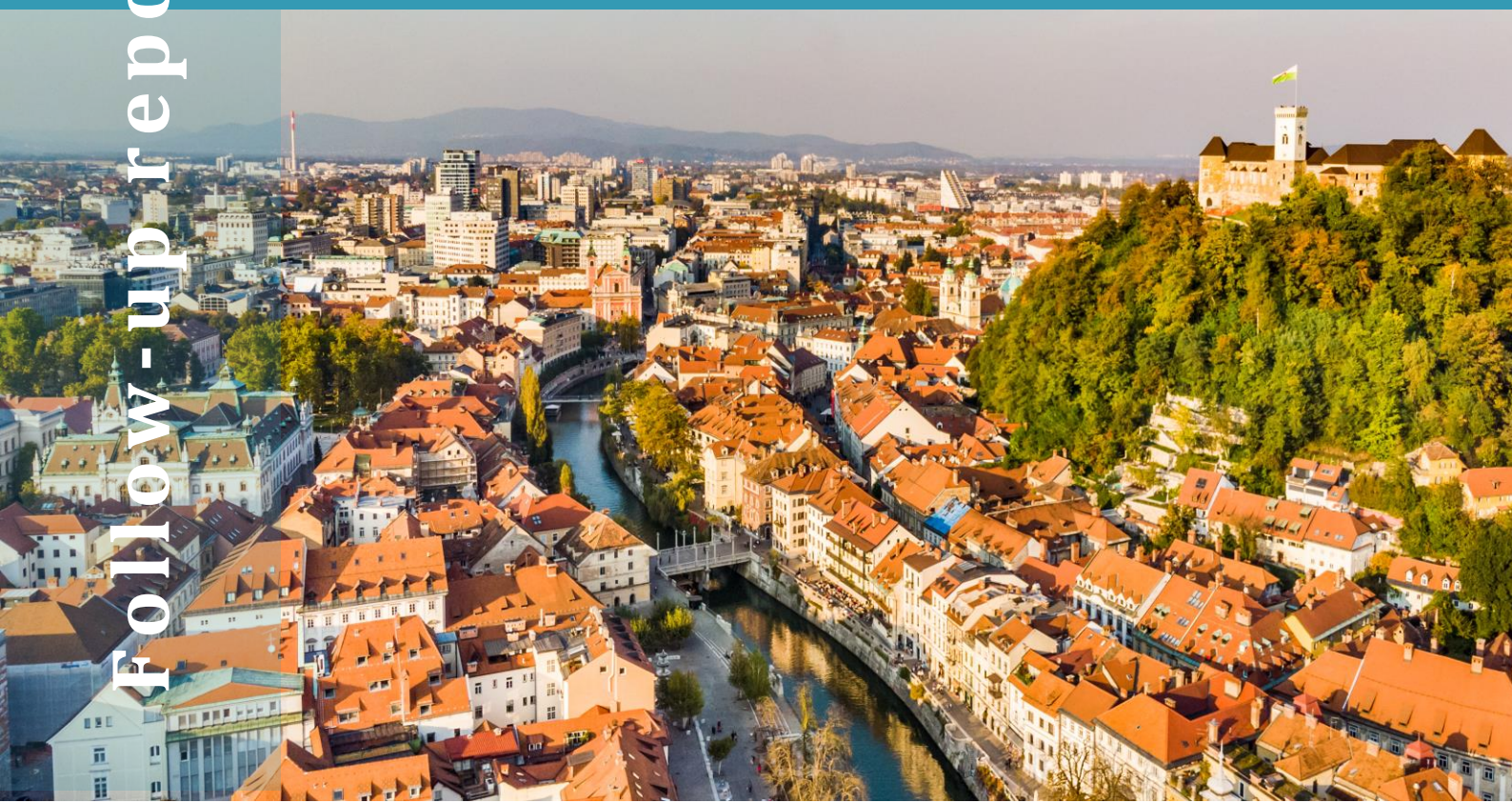
Anti-money laundering and counter-terrorist financing measures

Slovenia

5th Enhanced Follow-up Report

May 2023

Follow-up report



The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism - MONEYVAL is a permanent monitoring body of the Council of Europe entrusted with the task of assessing compliance with the principal international standards to counter money laundering and the financing of terrorism and the effectiveness of their implementation, as well as with the task of making recommendations to national authorities in respect of necessary improvements to their systems. Through a dynamic process of mutual evaluations, peer review and regular follow-up of its reports, MONEYVAL aims to improve the capacities of national authorities to fight money laundering and the financing of terrorism more effectively.

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The 5th Enhanced Follow-up Report on Slovenia was adopted by the MONEYVAL Committee at its 65th Plenary Meeting (Strasbourg, 22-26 May 2023).

Slovenia: 5th Enhanced Follow-up Report

I. INTRODUCTION

1. The mutual evaluation report (MER) of Slovenia was adopted in July 2017. Given the results of the MER, Slovenia was placed in enhanced follow-up¹. Its 1st Enhanced Follow-up Report (FUR)² with technical compliance re-ratings (TCRR) was adopted in December 2018, the 2nd enhanced FUR³ with TCRR was adopted in December 2019. The 3rd enhanced FUR⁴ with TCRR was adopted in April 2021 and the 4th enhanced FUR⁵ with TCRR was adopted in May 2022. This 5th FUR analyses Slovenia's progress in addressing the technical compliance (TC) deficiencies identified in its MER or subsequent FURs. Re-ratings are given where sufficient progress has been made. Overall, the expectation is that countries will have addressed most if not all TC deficiencies by the end of the third year from the adoption of their MER. This report does not address what progress Slovenia has made to improve its effectiveness.

2. The assessment of Slovenia's request for technical compliance re-ratings and the preparation of this report were undertaken by the following Rapporteur teams, together with the MONEYVAL Secretariat:

- Georgia
- Germany

3. Section II of this report summarises Slovenia's progress made in improving technical compliance. Section III sets out the conclusion and a table showing which Recommendations have been re-rated.

II. OVERVIEW OF PROGRESS TO IMPROVE TECHNICAL COMPLIANCE

4. This section summarises the progress made by Slovenia to improve its technical compliance by:

- a) Addressing the technical compliance deficiencies identified in the MER and applicable subsequent FUR for which the authorities have requested a re-rating (R.15, R.32).

5. For the rest of the Recommendations rated as PC (R.5) the authorities did request a re-rating, however the relevant amendments were adopted and came into force after a cut-off day (22.11.2022).

6. This report takes into consideration only relevant laws, regulations or other AML/CFT measures that are in force and effect at the time that Slovenia submitted its country reporting template – at least six months before the FUR is due to be considered by MONEYVAL⁶

¹ Regular follow-up is the default monitoring mechanism for all countries. Enhanced follow-up involves a more intensive process of follow-up.

² <https://rm.coe.int/committee-of-experts-on-the-evaluation-of-anti-money-laundering-measur/168092dce1>

³ <https://rm.coe.int/anti-money-laundering-and-counter-terrorist-financing-measures-sloveni/1680998aa9>

⁴ <https://rm.coe.int/moneyval-2021-5-fur-slovenia/1680a29c71>

⁵ <https://rm.coe.int/fur-slovenia-4th/1680a6d983>

⁶ This rule may be relaxed in the exceptional case where legislation is not yet in force at the six-month deadline, but the text will not change and will be in force by the time that written comments are due. In other words, the legislation has been enacted, but it is awaiting the expiry of an implementation or transitional period before it is enforceable. In all other cases the procedural deadlines should be strictly followed to ensure that experts have sufficient time to do their analysis.

II.1 PROGRESS TO ADDRESS TECHNICAL COMPLIANCE DEFICIENCIES IDENTIFIED IN THE MER AND APPLICABLE SUBSEQUENT FURS

7. Slovenia has made progress to address the technical compliance deficiencies identified in the MER and applicable subsequent FURs. As a result of this progress, Slovenia has been re-rated on Recommendations 15 and 32. The country asked for a re-rating for Recommendation 5, however due to lack of progress before the deadline for submission of information, no analysis has been carried out.

8. Annex A provides the description of Slovenia's compliance with each Recommendation that is reassessed, set out by criterion, with all criteria covered⁷. Annex B provides the consolidated list of remaining deficiencies of the re-assessed Recommendations.

III. CONCLUSION

9. Overall, in light of the progress made by Slovenia since the adoption of its 4th enhanced FUR, its technical compliance with the FATF Recommendations has been re-rated as follows:

Table 1. Technical compliance with re-ratings, May 2023⁸

R.1	R.2*	R.3	R.4	R.5
LC (FUR 2022) PC (MER)	LC (FUR 2019) LC (MER)	LC (MER)	LC (MER)	PC (FUR 2022) PC (MER)
R.6	R.7	R.8	R.9	R.10
LC (FUR 2021) PC (MER)	LC (FUR 2021) PC (FUR 2018) PC (MER)	LC (FUR 2021) PC (MER)	LC (MER)	LC (MER)
R.11	R.12	R.13	R.14	R.15*
C (MER)	C (FUR 2021) PC (MER)	LC (FUR 2021) PC (MER)	C (MER)	LC (FUR5 2023) PC (FUR-2022) PC (FUR-2021) C (MER)
R.16	R.17	R.18*	R.19	R.20
C (FUR 2018) PC (MER)	LC (MER)	LC (FUR 2018) LC (MER)	LC (MER)	C (MER)
R.21*	R.22	R.23	R.24	R.25
C (FUR 2018) C (MER)	LC (MER)	LC (MER)	LC (MER)	LC (MER)
R.26	R.27	R.28	R.29	R.30
LC (FUR 2021) PC (MER)	C (MER)	LC (FUR 2021) PC (MER)	C (MER)	C (MER)
R.31	R.32	R.33	R.34	R.35
LC (MER)	LC (FUR5 2023) PC (FUR-2022) PC (MER)	LC (MER)	C (MER)	C (MER)
R.36	R.37	R.38	R.39	R.40
LC (MER)	LC (MER)	LC (MER)	LC (MER)	LC (MER)

Note: There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

⁷ Amendments introduced to the text of Recommendations in *italics* are based on the previously adopted follow-up reports – they are presented for information and do not require plenary's approval. Amendments introduced in track mode are based on newly submitted information since the adoption of the MER or last follow-up report and require plenary's discussion and approval.

⁸ Recommendations with an asterisk are those where the country has been assessed against the new requirements following the adoption of its MER or FUR.

10. At its 63rd Plenary, MONEYVAL concluded that Slovenia had not reached the general expectation to address most of the technical compliance deficiencies within 3 years after the adoption of its MER and agreed to apply step 1 of Compliance Enhancing Procedures, which resulted in the Secretary General of the Council of Europe sending a letter to the relevant Minister inviting him to address the deficiencies identified, namely the need to bring the TF offence in line with the international requirements.

11. Since the adoption of the 4th enhanced FUR, Slovenia has taken measures by introducing amendments to the Criminal Code, which were prepared by the Ministry of Justice. These amendments were adopted by the Slovenian Parliament on 27th January 2023 and published in the Official Gazette no. 16/23. The legislative changes came into force on 22nd February 2023.

12. According to MONEYVAL's Rules of Procedure (Rule 21(7a)): *the Plenary will take into account relevant laws, regulations or other AML/CFT measures that are in force and effect at that time. This rule may only be relaxed in the exceptional case where the legislation has been enacted but is awaiting the expiry of an implementation or transitional period before it is enforceable. In all other cases, the procedural deadlines should be strictly followed to ensure that experts have sufficient time to do their analysis.* The actual deadline for accepting adopted amendments was set for 21st November 2022. Consequently, progress on R.5 has not been analysed in this FUR.

13. Considering Slovenia's progress on R.15 and R.32, which were upgraded, and the fact that the country has achieved LC/C ratings for all other Recommendations, the plenary is recommended to postpone a decision on any further steps under the CEPs in respect of Slovenia until December 2023, when progress made in respect of R.5 will be analysed.

14. Slovenia will remain in enhanced follow-up and will continue to report back to MONEYVAL on progress achieved to strengthen its implementation of AML/CFT measures. Slovenia is expected to report back within six months (at the 66th Plenary in December 2023).

Annex A: reassessed Recommendations

Recommendation 15 – New technologies

	Year	Rating and subsequent re-rating
MER	[2017]	[C]
FUR1	[2018]	[C]
FUR2	[2019]	[C]
FUR3	[2021]	[↓PC (new requirements)]
FUR4	[2022]	[PC (upgrade requested)]

1. Slovenia’s compliance with R.15 was rated partially compliant in the 4th round MER. There was no specific requirement in the legislation that would require FIs to have policies in place or take such measures as may be needed to prevent the misuse of technological developments. FATF standards were revised since then by incorporating requirements on a non-face to face business in R.10 and putting more emphasis on the identification and mitigation of risks arising from new products and technologies in R.15. The applicable law has also changed and a new analysis was undertaken.

2. In October 2018, the FATF adopted new requirements for “virtual assets” (VAs) and “virtual asset service providers” (VASPs), including new definitions. In June 2019, the FATF adopted the Interpretative Note to Recommendation 15 to address obligations related to VAs and VASPs. The FATF Methodology for assessing R.15 was amended in October 2019 to reflect amendments to the FATF standards. Consequently, new criteria 15.3 to 15.11 were added.

3. Slovenia was rated C for R.15 in its 5th round MER. In its 3rd Enhanced FUR, Slovenia was assessed against the new requirements and downgraded to PC due to several outstanding deficiencies in the legal framework of VASPs. In the 4th enhanced FUR, R.15’s rating remained PC as the amendments to the APMLFT were still in draft form and the concerns regarding the definition of VASPs were still valid.

4. **Criterion 15.1** - The APMLFT requires FIs to analyse the impact of all major changes in business processes, including the introduction of new products and technologies, on their ML/TF risk exposure (Art. 18(9) of the APMLFT). The Bank of Slovenia’s (BoS) Regulation on Internal Governance Arrangements, the Management body and the Internal Capital Adequacy Assessment Process for Banks and Savings Banks also requires banks to assess risks of any significant changes in existing products or in introduction of new services and systems (Art. 27, 28 and 30). Although the regulation targets the general risk management procedure, according to Slovenian authorities, it is also applicable for AML/CFT purposes.

5. AML/CFT guidelines issued by BoS explain in detail the ML/TF risk analysis that must be performed by banks in relation to all products and services. The guidelines also require banks to establish a procedure for regular update of the existing risk analysis based on the assessment of new risks resulting from changes in the manner of operations, including the introduction of new services (Sect. 3). Similarly, guidelines issued by Insurance Supervisory Agency (ISA) (Sect. 9) and the Securities Market Agency (SMA) (Sect. 11) provide detailed guidance on the analysis of ML/TF risks and require assessment of the impact of all significant changes in business processes, such as introduction of new products and technologies, on an institution’s ML/TF risk exposure.

6. **Criterion 15.2** -

- (a) The requirement to carry out risk assessment prior to launching or using new products, practices and technologies is clearly provided under Art. 18(10) of the

APMLFT. It is further affirmed by the Bank of Slovenia Regulation on Internal Governance Arrangements, the Management body and the Internal Capital Adequacy Assessment Process for Banks and Savings Banks, which stipulates that new products and services can only be approved based on the results of risk assessments (Art. 30). AML/CFT guidelines issued by ISA (Sect. 9) and SMA (Sect. 11) follow the wording used in Art. 18(9) of the APMLFT and require introduction of new products and technologies to be analysed relative to their impact on an institution's risk exposure.

- (b) The APMLFT specifically provides for the adoption of appropriate measures to reduce ML/TF risks identified through the impact assessment of new products and technologies (Art. 18(10)). The Bank of Slovenia Regulation on Internal Governance Arrangements, the Management body and the Internal Capital Adequacy Assessment Process for Banks and Savings Banks says that unless adequate risk management processes are put in place banks are not permitted to launch new products (Art. 30). AML/CFT guidelines issued by the Bank of Slovenia (Sect. 5.4), the Insurance Supervisory Agency (Sect. 8 and 9) and the Securities Market Agency (Sect. 11) require application of appropriate policies, procedures and controls before new products and services are launched or existing ones are modified in such a way as to pose ML/TF risks.

7. **Criterion 15.3** - As of 22nd of November 2022, Slovenia introduced a regime which covers VASP activities as defined by the FATF Glossary (item 48 (a-d) of Article 3 of the APMLTF).

- (a) Slovenia has established the IWG to conduct the NRA. The risks posed by the VA and VASP sector were considered in course of the NRA 2020. Moreover, in 2021 the OMLP also carried out SRA in VASP sector. As demonstrated by the authorities, the VA report considers different sources of information. Moreover, the report also assesses threats and vulnerabilities posed by VASPs.
- (b) VASPs became obliged entities in 2016 (APMLTF, Art. 4(1)(19č)) due to the fact that the activities associated with the said subjects had been assessed as posing high risks in terms of ML/TF. Therefore, the risks related to VASPs have been analysed in accordance with the APMLTF (Art. 14(2)) and the relevant NRA findings are being used to ensure the application of a risk-based approach in order to provide for a full range of proportionate measures, mechanisms, tools and resources in place aimed at mitigating the ML/TF risks identified.
- (c) As all obliged entities VASPs are required to identify, assess and manage their ML/TF risks associated with group of clients, business relationships, transactions, products, services and distribution channels (Art. 18(2) of the APMLTF).

8. **Criterion 15.4** - Overall, Slovenia has established a registration regime for VASPs, nevertheless there some deficiencies noted under c.15.4(b).

- (a) The APMLTF (Article 5) explicitly requires that all VASPs (legal and natural persons engaged in exchange services between virtual and fiat currencies or other related services and legal and natural persons offering custodian wallets) that have their registered office or a branch in the Republic of Slovenia are registered. No such activities shall be conducted without being properly registered with the OMLP.
- (b) The APMLTF (Article 5(5)) empowers the OMLP to maintain the covered VASPs register and to reject a VASP's application for registration if the persons holding a management function, holder or the activity of sole proprietor of the individual performing the activity, or UBO was convicted for criminal offence which is prosecuted by official duty or one of the following criminal offences which has been committed through negligence: concealment, betrayal and unjustified acquisition of a trade secret,

money laundering or disclosure of confidential information for as long as the legal consequences of the conviction last. However, there is no requirement covering criminals' associates.

9. **Criterion 15.5** - The APMLTF (Article 185(1)(1)) provides for an administrative sanction (in a form of a fine) which can be imposed by the BoS and the OMLP on a VASP (legal person or a responsible natural person) carrying out activities without proper registration. Some steps have been taken by the BoS to identify entities which are conducting business associated with virtual currencies. Moreover, the OMLP based on the BoS information acts pro-actively in determining VASPs that provide activities without registration. During the reporting period, the OMLP has initiated several misdemeanour proceedings against such VASPs.

10. **Criterion 15.6** - Overall c.15.6 has a minor deficiency under sub-criterion (a).

(a) VASPs being obliged entities (APMLTF, Art. 4 (1) (19č)) are subject to supervision by the BoS (APMLTF, Art. 164(1)(1)). The said supervision exercised by the BoS in relation to VASPs should be based on a risk-based approach (APMLTF, Art. 153(1)). The OPML is also empowered to supervise VASPs (APMLTF, Art. 155(1)). In particular, the OPML supervises the implementation of the APMLTF by collecting and verifying data, information and documentation provided. There is a deficiency under c.26.6 (the new obligation does not automatically involve the obligation of supervisory bodies to update and review the risk of individual obliged persons) that impacts the compliance with this sub-criterion.

(b) In accordance with the APMLTF, VASPs are supervised by both the BoS and the OPML. The BoS as well as the OPML are entrusted with the function to conduct inspections (Art. 152 and Art. 155 respectively). In case of breaches, the BoS and the OPML have the right to: impose measures to remedy the irregularities and deficiencies within a time limit that they specify; carry out proceedings in accordance with the law regulating offences; propose the adoption of appropriate measures to the competent authority; order other measures and perform acts for which they are authorized by law or any other regulation. Additionally, a range of AML/CFT-oriented sanctions available to the BoS and the OPML and which might be imposed on VASPs are provided for in the APMLTF Articles 178, 179 and 180. In the APMLTF Article 6 provides for a clear procedure on how a VASP can be deleted from the register held by the OPML in relation to this VASP's breaches of AML/CFT legislative requirements.

11. **Criterion 15.7** - The APMLTF (Art. 169) imposes on competent supervisory authorities referred to in Art. 152 the obligation to independently or in cooperation with other supervisory bodies issue recommendations and guidelines on the implementation of individual provisions of the APMLTF (including AML/CFT issues) by obliged entities referred to in Art. 4 (including VASPs). The BoS issued Risk Assessment Guidelines targeting all the BoS-supervised obliged entities, including VASPs.

12. **Criterion 15.8** - The sanctioning regime applies to VASPs.

(a) In case of compliance breaches (APMLTF, Art. 152(2)), the BoS and the OPML can apply a full range of sanctions (Articles 178, 179 and 180).

(b) Articles 178, 179 and 180 of the APMLTF provide the competent authorities with the legal possibility to apply sanctions not only to legal entities, but to the responsible person of a legal entity as well.

13. **Criterion 15.9** - There are still some deficiencies under R.10, 17-19 that impact on compliance of VASPs with AML/CFT obligations.

- (a) Reporting entities are required to conduct CDD at each occasional transaction exceeding 1000 EUR (Article 18 of the APMLTF).
- (b) EU Regulation (EU) 2015/847 which provide legal basis for compliance under the R.16 is not applicable to VASPs. Financial institutions in Slovenia do not provide transfer of virtual assets on behalf of a customer.

14. **Criterion 15.10** - The Guidelines on the implementation of financial restrictive measures issued by the Slovenian authorities appear not to restrict their application to financial or non-financial institutions as the financial restrictive measures shall be implemented by any person or entity. Therefore, VASPs are subject to the TFS implementation regime.

15. **Criterion 15.11** - Slovenia has a legal basis in place which enables the country to provide a wide range of international assistance in relation to investigations, prosecutions and related proceedings involving ML, FT and associated predicate offences. In addition to the international instruments, the APMLTF paragraph 1 of Article 114 states that in the course of performing its tasks for discovering and preventing money laundering, predicate criminal offences, and terrorist financing the OPML (supervising VASPs in accordance with the APMLTF paragraph 1 of Article 155) may request in writing that a foreign financial intelligence unit submits data, information and documentation concerning clients, transactions, assets, and property required in order to process, analyse, discover, and prevent money laundering, predicate criminal offences, or terrorist financing. Article 115(1) of the APMLTF stipulates that the OPML shall submit the data, information and documentation concerning customers, transactions, assets and property regarding which there are reasons to suspect money laundering or terrorist financing and which could be relevant to processing or analysing information on money laundering, predicate criminal offences or terrorist financing in other Member State or third state, to a foreign financial intelligence unit at its request, provided that de facto reciprocity applies.

16. The VASPs supervisor (the OPML) has a legal basis to exchange the relevant information with its foreign counterparts. Consequently, international cooperation and exchange of information can occur.

Weighting and Conclusion

17. Slovenia has taken measures to implement the requirements of R.15. The country is met with c.15.1-15.3, c.15.5, c.15.7, c.15.8, c.15.10 and c.15.11 and mostly met with c.15.4 and 15.6. Minor deficiencies remain in relation to criteria 15.4 and 15.6 as there is no requirement covering criminals associates and a deficiency under c.26.6 impacts the supervision. Shortcomings remain also in relation to sub-criterion 15.9(b) concerning the "travel rule". **Therefore, R.15 is re-rated as LC.**

Recommendation 32 – Cash Couriers

	Year	Rating and subsequent re-rating
MER	[2017]	[PC]
FUR1	[2018]	[PC (no upgrade requested)]
FUR2	[2019]	[PC (no upgrade requested)]
FUR3	[2021]	[PC (no upgrade requested)]
FUR4	[2022]	[PC (upgrade requested)]

1. Slovenia was rated compliant with respect to SR.IX on the cross-border transportation of currency and other financial instruments during the 3rd round in 2005. In the 5th round MER Slovenia was rated PC with R.32. In the context of its 4th enhanced follow-up report, Slovenia has requested an upgrade for R.32, due to some legislative changes in the EU regulations, nevertheless R.32 remained PC.

2. **Criterion 32.1** - As a member of the EU, Slovenia is also bound by the EU legislation (Regulation (EU) 2018/1672). A declaration system for incoming and outgoing cross-border transportation of cash and bearer negotiable instruments (BNIs) is regulated by Articles 3 and 4 of EU Regulation 2018/1672. A declaration is required for all physical cross-border transportation, whether by travellers or through mail and cargo. This declaration system applies only to movements (both inward and outward) of cash and BNI from and to the EU, thus only movements that cross the external borders of the EU are subject to the declaration requirements. Cross-border movement of cash between the Republic of Slovenia and other EU member-states are regulated by Article 130(c) of the APMFT. However, there still is no requirement for physical cross-border movement of cash by mail and cargo within the EU.

3. **Criterion 32.2** - Slovenia has established a written declaration system for all persons carrying cash or bearer-negotiable instruments (BNIs) equal or above a pre-set threshold of 10.000 EUR. The definition of cash is set out in Article 2 of EU Regulation 2018/1672. The EU declaration form includes information on declaring person (including full name, date and place of birth, and nationality), the owner of cash, the intended recipient of cash, the amount and nature of cash, the origin and intended use of cash, the transport route and the means of transport.

4. **Criterion 32.3** - This criterion is not applicable since Slovenia has a declaration system.

5. **Criterion 32.4** - In line with Article 3(1) of EU Regulation 2018/1672 an obligation to declare is not fulfilled until the information provided is correct and complete. According to Article 5(3) of EU Regulation 2018/1672 if declaration requirements under Article 3 of the same Regulation have not been fulfilled, the customs authorities may request additional information (including via a standardised declaration form) from the traveller with regard to the origin of the cash or BNI and their intended use for the purposes of compliance with the obligation to declare.

6. **Criterion 32.5** - Article 185(a) of the APMFT provides administrative sanctions for breaching the provisions related to false declaration. Such sanctions can be imposed by the customs administration. The level of these administrative sanctions varies between 3000 EUR and 120.000 EUR (for legal entities). A fine might also be imposed to the responsible person of the legal entity and individuals (up to 4000 EUR, paras (5) and (6) of Article 185(a)). Moreover, in case of failure to declare cash - the customs authority is empowered to seize all the cash (para (1) of Article 130(b) of the APMFT). Those sanctions appear to be dissuasive and proportionate.

7. **Criterion 32.6** - Art. 131 of the APMFT is setting an obligation for the customs authorities to forward to the OMLP, within three days' time, the data on any declared import or

export of cash (from and to the EU) amounting to or exceeding EUR 10,000. The customs authorities are obliged to provide such data even if the import or export of cash was not declared to the customs authorities and if, in connection with the person who carries the cash, the manner of carrying or other circumstances thereof provide grounds to suspect ML or TF.

8. **Criterion 32.7** - Domestic coordination concerning the cross-border cash controls provides customs administration with a possibility to consult Police, and if the customs possess some additional information, send it as a notification on potential criminal activity in accordance with Art. 145 CPC. Cooperation between the customs administration and police has been formalised through the cooperation agreement signed on 15 March 2016. Art. 3 of this agreement stipulates that the two institutions can share and exchange data and information, organise joint working meetings, plan activities and execute joint actions, set contact points, provide technical support, expertise, analysis, joint trainings and best practises, as well as preventive activities. Furthermore, they also signed a protocol on submission of information and data sharing and a protocol on cooperation in training.

9. **Criterion 32.8** - The Slovenian legislation provides the possibility for Financial Administration and the Police to restrain cash and BNIs for 30 days (which can be extended up to 60 days) in order to ascertain whether evidence of ML/TF may be found in cases:

- a) where there is a suspicion of ML/TF of predicate offences (Article 130č of the APMLFT);
- b) where there is a false declaration or false disclosure (Articles 130b and 130c of the APMLFT). Moreover, police can – in case of suspicion of ML/TF or predicate offence or in any other suspicion of criminal activity – seize cash in accordance with the provisions of Art. 220 CPC (Seizure of objects). This Article provides for seizure of objects which must be seized as per the CC provisions, or which may be used as evidence in criminal proceedings. As underlined under c.32.7 above, the customs authorities have the possibility to consult the Police or Prosecutor's Office, including by way of sending a notification on potential criminal activity based on Art. 145 CPC.

10. **Criterion 32.9** - The general requirement for exchange of information among EU countries and with third countries is regulated by Art. 10 and 11 of EU Regulation 2018/1672. This Regulation is implemented by the Slovenian customs administration. Moreover, Art. 113 - 118 of the APMLFT provide the modalities for the information exchange related to ML and TF internationally, including information on declaration. As a member of the EU, Slovenia also applies EC Regulation No. 515/97 on mutual assistance in customs matters.

11. **Criterion 32.10** - As a member of the EU, Slovenia respects the EU's principle of free movement of capital. Personal data privacy is ensured by Art. 13 of the Regulation 2018/1672. Any disclosure or communication of information shall fully comply with prevailing data protection provisions, and more precisely of the Regulation (EC) 45/2001.

12. **Criterion 32.11** - Individuals who are carrying out a physical cross-border transportation of cash or BNIs that are related to ML/TF or a predicate offense, could be subjects to criminal sanctions, as foreseen by the Art. 73 to 77.c CC and Art. 502 to 502.e CPC. As for seizure/confiscation of cash or BNIs – Art. 245 and 109 CC and Art. 491 to 507 CPC regulate this matter.

Weighting and Conclusion

13. The regime on cross-border transportation of cash and other financial instruments is in line with the standards, with the exception of c.32.1, whereby the declaration system does not apply to movements of BNI and cash within the EU through mail and cargo. **Slovenia is rated largely compliant with R.32.**

Annex B: Remaining deficiencies underlying the ratings

Recommendations	Rating	Factor(s) underlying the rating
15. New technologies	LC	<ul style="list-style-type: none"> • There is no requirement covering criminals' associates (c.15.4(b)); • A deficiency under c.26.6 (the new obligation does not automatically involve the obligation of supervisory bodies to update and review the risk of individual obliged persons) impacts the compliance with this sub-criterion (c.15.6(a)); • There are still some deficiencies under R.10, 17-19 that impact on compliance of VASPs with AML/CFT obligations (c.15.9); • EU Regulation (EU) 2015/847 which provide legal basis for compliance under the R.16 is not applicable to VASPs (c.15.9(b)(i-iii)).
32. Cash couriers	LC	<ul style="list-style-type: none"> • The declaration system does not apply to movements of cash and BNI within the EU through mail and cargo (c.32.1).

TABLE OF ACRONYMS

AML/CFT	Anti-Money Laundering/Combating Financing of Terrorism
APMLFT	AML/CFT Act
BNI	Bearer-negotiable instrument
BoS	Bank of Slovenia
EU	European Union
FATF	Financial Action Task Force
FI	Financial institution
FUR	Follow-up Report
ISA	Insurance Supervisory Agency
IWG	Inter-agency Working Group
MER	Mutual Evaluation Report
OMLP	Office for Money Laundering Prevention
R.	Recommendation
SMA	Securities Market Agency
TC	Technical compliance
TCRR	Technical compliance re-ratings
UBO	Ultimate beneficial owner
VA	Virtual assets
VASP	Virtual asset service provider

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Anti-money laundering and counter-terrorist financing measures -

Slovenia

5th Enhanced Follow-up Report

This report analyses Slovenia's progress in addressing the technical compliance deficiencies identified in the FSRB assessment of their measures to combat money laundering and terrorist financing of June 2017 and subsequent Follow-up Reports.