TURKMENISTAN:

3RD ENHANCED FOLLOW-UP REPORT
(with re-ratings)

I. Introduction

1. The Mutual Evaluation Report of Turkmenistan (hereinafter "MER") was approved at the 38th EAG Plenary on June 8, 2023, and published on the EAG website. The country has been placed under enhanced monitoring due to 13 Recommendations with the "partially compliant" ratings and 7 Immediate Outcomes with the "low/moderate" levels of effectiveness.
2. In May 2024, the 40th Plenary Session approved Turkmenistan's 1st Follow-Up Report (without re-ratings) describing measures taken to address technical compliance deficiencies under R.2, R.3, R.4, and R.39, and to improve the effectiveness of the national AML/CFT/CFP regime regarding Immediate Outcomes 3, 4, 5, 6, and 7 between September 2022 and April 2024.
3. In May 2025, the 42nd EAG Plenary approved Turkmenistan's 2nd FUR (without re-ratings) describing the achievements of Turkmenistan in addressing the deficiencies noted in MER, and improving the effectiveness of the national AML/CFT/CPF system starting from the 1st FUR till April 2025.
4. This 3rd FUR (with the request for re-ratings) contains an analysis of the achievements of Turkmenistan in addressing the technical compliance deficiencies noted in MER in 2025 and 2026. The country requested for re-ratings of Recommendations 12, 26, and 28 and provided justifications regarding improvements to the legal framework of the national AML/CFT/CPF system.
5. The group of follow-up experts from the Republics of Belarus and Kazakhstan analysed the information submitted by Turkmenistan. They proposed revising the ratings for Recommendations 12 and 26, while rating of Recommendation 28 remains unchanged.
6. The FUR does not provide an analysis of measures aimed at improving Turkmenistan's effectiveness.
7. The group of following experts and the EAG Secretariat representatives prepared the analysis of Turkmenistan's request for re-ratings:
    - Ms. Valentina Kazhemskaya, Lead Specialist of the Department for the Regulation of Crypto-Resident Activities at the State Institution "Secretariat of the Supervisory Board of the High-Tech Park," Republic of Belarus;
    - Mr. Nurlan Adaliev, Director of the Department for combating financial crimes of the Committee on Interaction with Law Enforcement Agencies of the Astana International Financial Center, Republic of Kazakhstan;
    - Mr. Soat Rasulov, Senior Counsellor on AML/CFT/CPF at the EAG Secretariat (coordination).
8. Section II of this FUR presents an analysis of changes to the AML/CFT system aimed at improving technical compliance, while Section III presents a conclusion based on the analysis and a table showing Turkmenistan's ratings under the AML/CFT Framework and updated ratings based on the findings of this FUR.

II. Overview of progress to improve Technical Compliance

2.1. Changes aimed at addressing the technical compliance deficiencies noted in the MER

9. Turkmenistan has demonstrated progress in addressing the deficiencies noted in the MER regarding Recommendations 12, 26, and 28, which were assigned a rating of "partially compliant".
10. Following an analysis of the materials submitted by Turkmenistan, the rating for Recommendations 12 and 26 has been revised. The EAG welcomes Turkmenistan's efforts to address the identified deficiencies and its commitment to progress in improving the level of technical compliance with Recommendation 28. However, at this time, there is insufficient justification and relevant information to reach a conclusion regarding the re-rating.

Recommendation 12 (rating based on the MER – PC)

11. Criterion 12.1 (***Met***) – Regulation of CDD measures regarding both foreign and domestic PEPs remains unchanged, as noted in Criterion 12.1 of the 2023 MER.

12. Criterion 12.2 (***Met***) – The deficiency related to the exceptions specified in the MER 2023 has been addressed.

    In accordance with Order No. 113-Iş of the Ministry of Finance and Economy of Turkmenistan dated 28 April 2022 "On the Approval of the Regulations on Enhanced Due Diligence Measures for Publicly Exposed Persons for the AML/CFT/CPF purposes", registered with the Ministry of Adalat (Justice) on 19 May 2022 under No. 1599, a national publicly exposed person is a civil servant who, in accordance with the law, holds a public office with a specific scope of powers and level of responsibility, and who has the right to take decisions relating to the performance of civil service functions, as well as an official of political parties.

    According to Article 12 of the Law of Turkmenistan "On the Civil Service", the President of Turkmenistan is the head of state and the executive branch, the highest civil servant of Turkmenistan, and acts as the guarantor of the state's independence and Turkmenistan's neutral status, its territorial integrity, compliance with the Constitution and the fulfilment of international obligations. The President of Turkmenistan is the Chairman of the Cabinet of Ministers of Turkmenistan.

    Thus, the PEP definition in Turkmenistan's legislation encompasses the concepts of both the Head of State and the Head of Government.

13. Criterion 12.3 (***Mostly met***) – The MER notes that enhanced CDD measures are not provided for with respect to close associates of foreign and domestic PEPs (with the exception of family members). In November 2025, Turkmenistan amended the part 3 of Article 9 of Turkmenistan's AML/CFT/CPF Law named "Enhanced Customer Due Diligence Measures for Public Officials" in order to include the wording "or another person not related to them by blood". The amendments address the aforementioned shortcoming. The addition of the phrase "or any other person who is not a family member" broadens the scope of the requirements and allows for the inclusion of persons acting on behalf of or in conjunction with a PEP, which generally aligns with the concept of "close associates" as set forth in FATF Recommendation 12. However, the deficiency in criterion 12.2 affects compliance with criterion 12.3.

14. Criterion 12.4 (***Met***) – The insurance sector do not have a process for informing senior management prior to the payment of insurance compensation and for considering the need to prepare an STR. Article 9 of the AML/CFT/CPF Law was amended in November 2025 to include part 6, which reads as follows: "In cases of higher ML/TF/PF risk, the reporting entities conducting transactions shall inform their management prior to the insurance payment (reimbursement) to conduct enhanced CDD measures and consider the need to submit an STR to the competent authority". This amendment addresses the deficiency, as it introduces a mandatory mechanism for prior review in cases of higher risk and thereby establishes the necessary element of enhanced CDD measures required by Recommendation 12.

15. ***Weight and Conclusion:*** The country has addressed a number of technical deficiencies identified in MER. In particular, the legislative amendments address two specific deficiencies noted in the MER: (i) expanding the requirements for applying enhanced CDD measures with respect to the close associates of PEP (Criterion 12.3); (ii) introducing an obligation to inform senior management prior to making an insurance payment in higher risk scenarios (Criterion 12.4). However, a deficiency remains under criterion 12.2 regarding the completeness of the definition of national PEP. **The rating for Recommendation 12 is upgraded to "largely compliant".**

Recommendation 26 (rating based on the MER – PC)

16. Criterion 26.1 (***Met***) – The list of supervisory authorities for all financial sector sectors in Turkmenistan is defined in Criterion 26.1 of the MER 2023.

17. Criterion 26.2 (***Met***) – The licensing of financial sector activities and restrictions on the establishment and operations of shell banks has remained unchanged since the MER 2023.
18. Criterion 26.3 (***Mostly Met***) – In addition to the legal tools specified in Turkmenistan's MER 2023, the Law of November 22, 2025, introduced amendments and additions to the AML/CFT/CPF Law, specifically to the part 1 of Article 20 which is to be supplemented with the following subparagraph:

    "5) to take the necessary measures in accordance with the procedure established by the legislation of Turkmenistan in order to restrict access to professional certification for persons with an unexpunged or unremoved criminal record for the commission of an intentional crime, as well as the opportunity to become an owner (or beneficial owner) with a significant (holding a controlling interest of more than 10 percent) or controlling stake, or to perform management functions in reporting entities".

    The introduced provision is aimed at preventing criminals from acquiring ownership or beneficial ownership, or holding a management position in financial institutions. However, the amendments do not provide for the necessary requirements regarding associates of criminals.
19. Criterion 26.4 (***Mostly met***) – The MER notes the absence in the legislation of principles and procedures for consolidated supervision for AML/CFT purposes. Furthermore, the legislation does not establish a risk-based approach to regulation, supervision, or monitoring in the financial sector. In November 2025, Article 20 of the AML/CFT/CPF Law was supplemented with a requirement for state authorities responsible for monitoring compliance with Turkmenistan's AML/CFT/CPF Law to conduct risk-based monitoring, taking into account the risks identified for the relevant reporting entities. The amendments address a shortcoming related to the absence of relevant requirements in the legislation governing the financial sector, which consists primarily of banks and Turkmenpost. However, the amendments do not provide for consolidated supervision of banking or financial groups. Given the importance of the banking sector and, in particular, the MVTS sector, and taking into account the lack of banking and financial groups subject to consolidated supervision (see para. 842 of the MER 2023), this criterion is mostly met.
20. Criterion 26.5 (***Mostly met***) – The MER notes that the basic AML/CFT/CPF Law does not provide for the risk-based supervision of financial institutions' AML/CFT activities, and that the frequency and depth of on-site and off-site AML/CFT supervision (except for the banks and other credit institutions) is not determined on the basis of: (a) the ML/TF risks and the policies, internal controls and procedures associated with the institution or group, as identified by the supervisor's assessment of the institution's or group's risk profile; (b) the ML/TF risks present in the country; and (c) the characteristics of the financial institutions or groups, in particular the diversity and number of financial institutions and the degree of discretion allowed to them under the risk-based approach. The amendments provide for the application of a risk-based approach in the AML/CFT supervisory activities and establish a framework for the risk segmentation of FI and procedures for planning supervisory measures, which may be implemented within the framework of the supervisory authorities' internal methodologies and instructions. In accordance with the requirements of the Law of Turkmenistan 'On Legal Acts', the provisions of Article 20 of the Law on AML/CFT/CPF are directly applicable and do not require the adoption of additional subordinate legislation for their implementation. At the same time, the Central Bank of Turkmenistan has developed and approved, under No. 190 of July 26, 2022, the "Guidelines on the Implementation of Risk-Based Banking Supervision." These guidelines contain all necessary requirements for the application of risk-based supervision of banks and credit institutions. At the same time, the absence of consolidated supervision of financial groups affects the fulfillment of this criterion (see criterion 26.4).
21. Criterion 26.6 (***Mostly met***) – The MER notes that risk profiles for financial institutions are not prepared, with the exception of banks; consequently, there are no requirements regarding the periodic review of the assessment of the ML/TF risk profile of a financial institution or group (including compliance risks), nor when major events or developments occur in the management and operations of a financial institution or group. In November 2025, Article 20 of the AML/CFT/CPF Law was supplemented with a requirement for state authorities responsible for monitoring compliance with

Turkmenistan's AML/CFT/CPF Law to conduct such monitoring by periodically reviewing the results of risk assessments related to the activities of reporting entities, including cases involving major changes in their management and operations. The amendments address the deficiency noted in the MER. However, the absence of consolidated supervision of financial groups affects the fulfillment of this criterion (see Criterion 26.4).

22. ***Weighting and Conclusion****:* The updated legal framework establishes the obligation of supervisory authorities to apply a risk-based supervision, including the assessment of the reporting entities risks and the determination of the frequency and intensity of supervisory measures on the basis of the risk level. These provisions establish the legal basis for risk-based supervision and largely address the deficiencies under Criteria 26.4 and 26.5. In addition, conducting regular risk assessments and reviews allows supervisory authorities to develop and update their understanding of the risks of supervised financial institutions, which meets the requirements of criterion 26.6. To some extent, the legislation grants supervisory authorities the power to obtain information on the ownership and control structure of financial institutions, including financial groups and information on related entities. However, the absence of consolidated AML/CFT supervision remains a deficiency, albeit a minor one given the relative importance of groups in Turkmenistan. At the same time, a deficiency remains under criterion 26.3, as the legislation does not contain a direct requirement preventing associates of the criminals from owning or being beneficial owners of a significant or controlling stake in a FI, or from holding management positions in such an institution. **The rating under Recommendation 26 is raised to "largely compliant."**

Recommendation 28 (rating based on the MER – PC)

23. Criterion 28.1 (***Mostly met***) – Requirements regarding casinos in the country remain unchanged, with the exception of subcriterion 28.1(b)

    a) (***Met***) – Casinos are subject to licensing as described in sub-criterion 28.1(a) of the MER 2023;

    b) (***Mostly met***) – The MER notes that there are no provisions preventing criminals or their associates from exercising control, holding management positions, or having beneficial ownership of casinos. Amendments to Part 1 of Article 20 of the AML/CFT/CPF Law (see criterion 26.3) address the deficiency related to the absence of provisions preventing criminals from acquiring control or beneficial ownership, or from holding a management position in reporting entities, including casinos. However, the amendments do not include the necessary requirements for associates.

    c) (***Met***) – Casinos are subject to AML/CFT supervision as specified in sub-criterion 28.1(c) of the MER 2023.

24. Criterion 28.2 (***Met***) – The list of supervisory authorities for all sectors of the designated non-financial business and professions (DNFBPs) in Turkmenistan is defined in Criterion 28.2 of the MER 2023.

25. Criterion 28.3 (***Met***) – The situation regarding the supervision of the DNFBP sector in the country has remained unchanged since the last mutual evaluation.

26. Criterion 28.4 (***Mostly met***) –

    a) (***Met***) – The authorities responsible for supervising the activities of DNFBPs are vested with the appropriate powers as specified in sub-criterion 28.4(a) of the MER 2023;

    b) (***Mostly met***) – The MER notes that there are no legal requirements for the specified verification regarding beneficial owners or persons with significant controlling equity interests in all DNFBP sectors. Amendments to Part 1 of Article 20 of the AML/CFT/CPF Law (see criterion 26.3) address the deficiency related to the absence of provisions preventing criminals from obtaining control or beneficial ownership, or from holding a management position in reporting entities, including other DNFBP. However, the amendments do not establish the necessary requirements for associates.

c) (***Mostly met***) – The MER 2023 specifies sanctions in the form of administrative liability, suspension, or revocation of a license for non-compliance with AML/CFT requirements. Although the rating for this sub-criterion in the MER 2023 was listed as "compliant," it should be downgraded to "largely compliant" in light of the rating under Recommendation 35 (LC).

27. Criterion 28.5 (***Partly met***) – The amendments provide the legal framework for implementing a risk-based approach to the supervision of all reporting entities, including DNFBPs.

a) (***Not met***) – The country has not provided regulatory acts determining the frequency and intensity of AML/CFT supervision or monitoring of DNFBPs on the basis of their understanding of the ML/TF risks, taking into consideration the characteristics of the DNFBPs, in particular their diversity and number;

b) (***Partly met***) – In November 2025, Turkmenistan supplemented the Article 20 of the AML/CFT/CPF Law with a requirement for state authorities responsible for monitoring compliance with Turkmenistan's AML/CFT/CPF legislation to conduct such monitoring by periodically reviewing the results of risk assessments related to the activities of reporting entities, including cases involving major changes in their management and operations. However, the amendments do not explicitly refer to the obligation to do so when assessing the adequacy of the internal policies, procedures, and controls of non-financial businesses and professions (DNFBP) regarding AML/CFT.

28. ***Weighting and Conclusion****:* Turkmenistan has made some progress in addressing the deficiencies under R.28. The amendments include requirements to prevent criminals from obtaining professional accreditation, or holding (or beneficial ownership of) a significant or controlling equity interest, or performing management functions in casinos and other DNFBPs, and also establish conditions for supervising compliance with AML/CFT/CPF Law, including the requirement to apply the AML/CFT framework.

However, the following deficiencies remain:

- There are no requirements prohibiting associates of the criminals from obtaining professional accreditation, or from owning (or holding beneficial ownership of) a significant or controlling equity interest, or from performing management functions in DNFBPs;
- The amendments do not regulate the frequency or intensity of inspections of supervised entities, nor do they establish criteria for assessing ML/TF risks or the circumstances under which supervisory authorities must review the assessment of the ML/TF risk profile in the activities of the DNFBPs.

The rating under Recommendation 28 remains at the previous level of "partially compliant".

III. Conclusion

29. Turkmenistan has demonstrated moderate progress in addressing the technical compliance deficiencies noted in MER regarding Recommendations 12, 26, and 28.
30. Consequently, the ratings for Recommendations 12 and 26 are upgraded from "PC" to "LC". The rating for Recommendation 28 remains at the previous level.
31. Taking into account Turkmenistan's progress in improving its national AML/CFT system following the approval of MER, the technical compliance ratings for FATF Recommendations have been revised as follows:

The technical compliance ratings[1] *:*

R. 1	R. 2	R. 3	R. 4	R. 5	R. 6	R. 7	R. 8	R. 9	R. 10
LC	LC	LC	PC	LC	LC	LC	PC	C	LC

[1] Note: C – Compliant, LC – Largely compliant, PC – Partially compliant.

R. 11	R. 12	R. 13	R. 14	R. 15	R. 16	R. 17	R. 18	R. 19	R. 20
C	**LC (FUR 2026)** PC	C	LC	PC	PC	C	LC	LC	C
R. 21	**R. 22**	**R. 23**	**R. 24**	**R. 25**	**R. 26**	**R. 27**	**R. 28**	**R. 29**	**R. 30**
C	LC	PC	PC	PC	**LC (FUR 2026)** PC	LC	**PC (FUR 2026)** PC	C	LC
R. 31	**R. 32**	**R. 33**	**R. 34**	**R. 35**	**R. 36**	**R. 37**	**R. 38**	**R. 39**	**R. 40**
LC	LC	PC	LC	LC	LC	LC	PC	LC	PC

32. Turkmenistan remains under enhanced monitoring and will continue to report to the EAG Plenary on further progress in improving its national AML/CFT/CPF system until the end of the monitoring period under the 2nd round in November 2027.

Summary of Technical Compliance for the Recommendations Re-rated in this Follow-Up Report – Key Deficiencies

Recommendations	Rating	Underlying factor(s) for the rating
12. Politically exposed persons	LC	• The definition of PEPs covers most of the persons designated as national PEPs under the FATF Glossary, with the exception of the Head of State and Government;
26. Regulation and supervision of FIs	LC	• the absence of consolidated AML/CFT supervision remains a deficiency, albeit a minor one given the relative importance of groups in Turkmenistan
28. Regulation and supervision of DNFBPS	PC	• There are no requirements prohibiting associates of the criminals from obtaining professional accreditation, or from owning (or holding beneficial ownership of) a significant or controlling equity interest, or from performing management functions in DNFBPs; • The amendments do not regulate the frequency or intensity of inspections of supervised entities, nor do they establish criteria for assessing ML/TF risks or the circumstances under which supervisory authorities must review the assessment of the ML/TF risk profile in the activities of the DNFBPs.