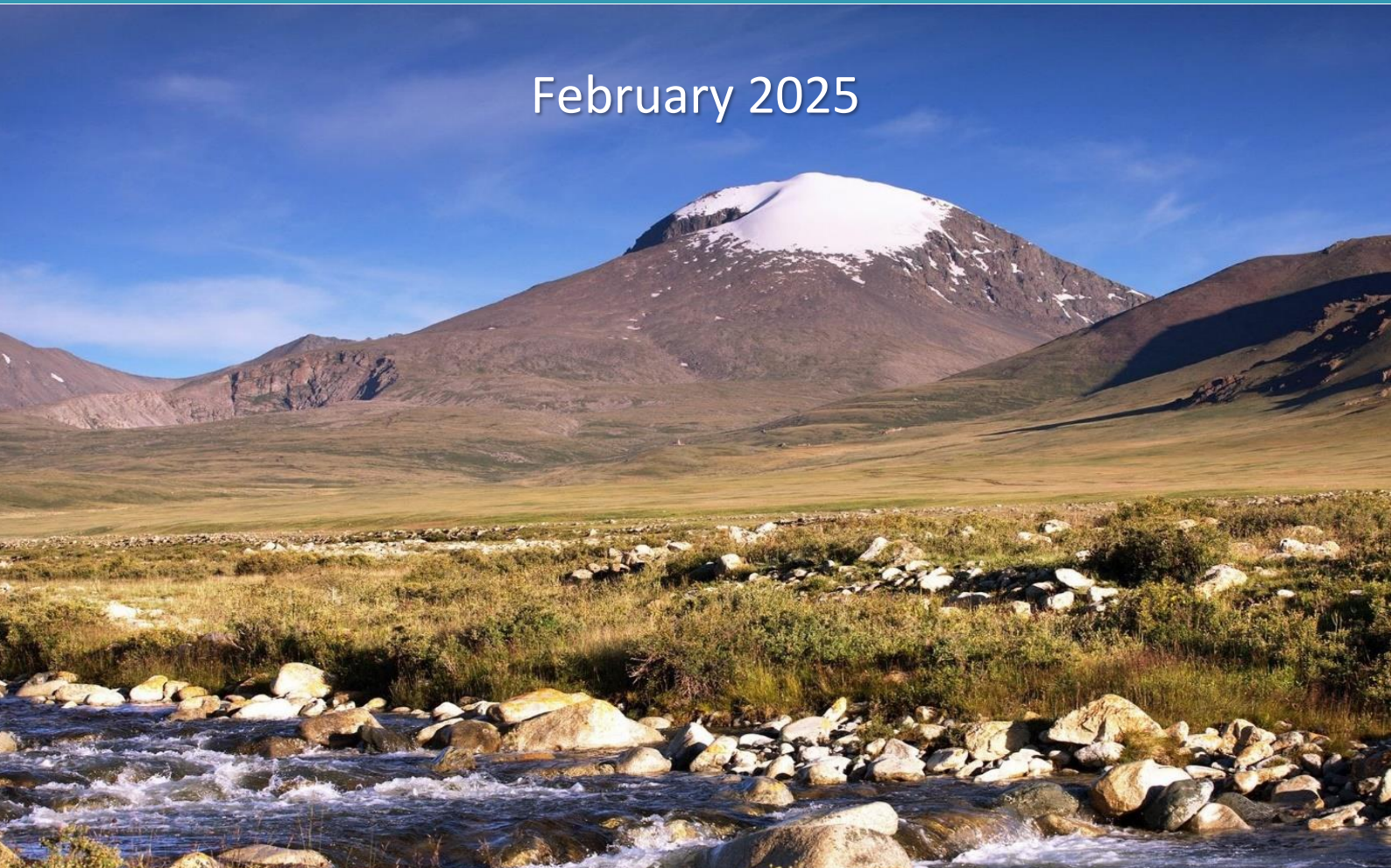




Follow-Up Report without Re-rating

Mutual Evaluation of Mongolia

February 2025





The Asia/Pacific Group on Money Laundering (APG) is an inter-governmental organisation consisting of 42 members in the Asia-Pacific region, as well as organisations, and observers from outside the region.

Under Article 1 of the APG Terms of Reference 2019, the APG is a non-political, technical body, whose members are committed to the effective implementation and enforcement of the internationally accepted standards against money laundering, financing of terrorism and proliferation financing set by the Financial Action Task Force.

This document, any expression herein, and/or any map included herein, are without prejudice to the status of, or sovereignty over, any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Under the APG Terms of Reference, membership in the APG is open to jurisdictions which have a presence in the Asia-Pacific region.

For more information about the APG, please visit the website: www.apgml.org

© April 2025 APG

No reproduction or translation of this publication may be made without prior written permission. Applications for permission to reproduce all or part of this publication should be made to:

APG Secretariat
Locked Bag A3000
Sydney South
New South Wales 1232
AUSTRALIA
Tel: +61 2 5126 9110

E mail: mail@apgml.org

Web: www.apgml.org

Cover image: Courtesy Government of Mongolia
Ulaanbaatar

MONGOLIA'S FOLLOW UP REPORT WITHOUT RE-RATING

FEBRUARY 2025

I. INTRODUCTION

1. In accordance with the APG's Mutual Evaluation Procedures, this document contains the Follow-Up Reports (FUR) of Mongolia under February 2025 reporting stream period. Mongolia is not eligible to seek re-ratings.
2. The FUR presents Mongolia's progress (since its last FUR or MER) in addressing the technical compliance deficiencies identified in its MER and/or previous FURs and a summary of some steps to address effectiveness. As the members did not request re-ratings, the preparation of each FUR was undertaken by the APG Secretariat and does not include an analysis of compliance with any FATF Recommendations. The APG Secretariat conducted a very limited review of information provided by members focusing on readability and consistent use of terms only.
3. This FUR present Mongolia's progress (since its 2017 MER) in addressing the technical compliance deficiencies identified in its MER and/or previous FURs, and updates on activities to enhance the effectiveness of its AML/CFT system. In accordance with the APG's Mutual Evaluation Procedures,
4. The MER of Mongolia was adopted in July 2017. At the time of its MER being adopted, Mongolia was placed in enhanced (expedited) follow-up. Mongolia was moved to enhanced follow-up after the adoption of its 2022 FUR.
5. Mongolia' current ratings for effectiveness and its current ratings for technical compliance are outlined in its 2023 FUR. Both reports are available from the APG's website.

II. OVERVIEW OF PROGRESS

ML/TF Risk and Context Update

6. Without prejudice to any chance in Mongolia's ML/TF risk and context, Mongolia did not provide any information for inclusion in this section.

III. TECHNICAL COMPLIANCE UPDATE

7. Mongolia has made a high-level political commitment to collaborate with the FATF and the APG to enhance its AML/CFT regime. This effort seeks to address the technical compliance deficiencies highlighted in the MER 2017 and subsequent Follow-up reports. The Government of Mongolia has committed to allocate state budget funds to support all necessary activities, thereby ensuring continuous progress in implementing AML/CFT measures.
8. As of February 1, 2025, the following measures have been implemented to enhance Mongolia's AML/CFT/CPF framework:
 - The "Action Plan for Implementing the AML/CFT National Strategy," originally approved on January 9, 2023, was amended by Decree No. A/18 issued by the Chairman of the AML/CFT National Council and the Minister of Justice and Home Affairs on June 14,

2024, to address emerging ML/CF/PF risks and trends. Member organizations of the AML/CFT National Council and Cooperation Council ensured the effective implementation of the action plan and reported their progress at these council meetings.

- In accordance with the amendment to the Law on Deposits, loans and banking transactions of bank and authorized legal entity on January 12, 2024, banks and authorized entities are now permitted to open accounts electronically for customers, excluding those classified high-risk customers, based on a risk assessment of the customer.
- Mongolia's long-term policy document "Vision-2050" sets the goal of becoming a "Digital Nation". In this context, with the amendment to the Law on AML/CFT on June 5, 2024, reporting entities are authorized to identify and verify customers using "public information infrastructure"¹. If required, electronic documents may be obtained from individuals or legal entities.
- On June 5, 2024, the Parliament of Mongolia approved an amendment to the Law on Criminal Procedure. This amendment permits courts, prosecutors, and LEAs to utilize electronic platforms for various functions related to case proceedings. These functions include the preparation of documents, decision-making, communication with case participants, receive and delivery of documents, and the conduct of court hearings and trials. The transition to electronic platforms aims to streamline processes and enhance interactions within the legal system.
- Government Resolution No. 21 on August 7, 2024, amended the AML/CFT National Council's composition. The Council now includes the Minister of Digital Development, Innovation, and Communications, with 17 members from 16 government organizations responsible for AML/CFT.
- In accordance with the Recommendation No. 02 issued by the Chairman of the AML/CFT National Council and Minister of Justice and Home Affairs on June 18, 2024, the Financial and Tax Crime Division has been reorganized within the structure of the Economic Police Office of the Criminal Police Department to combat the tax evasion, as defined in Article 18.3 of the Criminal Code.
- To establish a unified policy direction for addressing specific types of crimes, such as corruption and money laundering, and to enhance the quality and effectiveness of prosecutorial supervision, the State General Prosecutor's Office established the "Corruption and Money Laundering Crimes Processing Department" within the Department for Supervision of Case Registration and Investigation, in accordance with the State General Prosecutor's Order No. A/58 dated April 24, 2024.
- To enhance the quality of beneficial ownership registration, the application form for registering beneficial ownership information of a legal entity in the state registry was revised under Order No. A/130 of 2024, issued by the Director of the General Authority of State Registration.
- The Financial Regulatory Commission made amendments to the "Regulation on VASPs" by Decree No. 657 dated December 27, 2024, to further enhance consumer protection mechanism.

¹ According to Article 4.1.7 of the Law on Transparency of Public Information, "public information infrastructure" means information system and information network used by public information respondent such as state organizations to collect, process, use, and ensure security of information within the scope of his/her duties stipulated by law.

AML/CFT risk-based supervision

- Supervisory authorities designated under the AML/CFT Law have been continued conducting ML/TF/PF risk assessments, as well as off-site and on-site supervision, while monitoring the compliance of regulated reporting entities, including FIs, DNFBPs, and VASPs, with AML/CFT/CPF and TFS obligations.
- “Cooperation plan of the Financial Regulatory Commission, the Bank of Mongolia, the National Police Agency, and the General Intelligence Agency for 2024-2025” was approved on June 10, 2024. The cooperation plan outlines the framework for identifying natural or legal persons illegally providing non-bank financial services and virtual asset services without license/registration from Financial Regulatory Commission, raising awareness to identify such persons, facilitating information sharing between relevant authorities, and preventing cyber-enabled fraud and other offences. In line with these efforts, the Financial Regulatory Commission collaborated with Binance Exchange to mitigate ML/TF risks associated with peer-to-peer (P2P) services. Consequently, the option to register as a merchant with the MNT pair on Binance has been removed.
- To promptly identify and assess the ML/TF/PF risks associated with emerging sectors, Mongolia has established two working groups tasked with conducting risk assessments on monetary loan service providers and trust and company service providers. Within this framework, the working groups defined methodologies for risk assessments and collected relevant data and statistics.
- According to the "Tax Audit Procedures" approved by Order No. A34 in 2023 of the Commissioner of the General Department of Taxation, State Tax Inspectors have continued conducting risk-based inspections on non-profit organizations and their related parties.

International & domestic cooperation

- On March 20, 2024, an agreement on mutual legal assistance in criminal matters was signed between Mongolia and the Republic of Cuba.
- LEAs have intensified their efforts to combat money laundering, corruption, and abuse of power. As part of their efforts to investigate and identify stolen assets, illicit proceeds transferred abroad, and funds laundered through corrupt practices, they investigated a case involving the misappropriation of funds from a World Bank-financed project. Consequently, a South Korean entity was identified, and USD 1,700,000 embezzled from Mongolia was successfully recovered to the country and compensated for the damages to the World Bank's losses.
- Mongolia shared good practices in the regulation and risk assessment of virtual asset sector during the annual meetings of the APG and the EAG, contributed to improving the assessment of FATF Recommendation 15, and participated in international discussions. Mongolia was elected to represent the APG in the FATF Virtual Assets Contact Group in 2024.
- The National Police Agency and the Bank of Mongolia signed a “Memorandum of Cooperation” on September 12, 2024, to broaden the scope of activities focused on collaboration in areas that enhance public understanding of finance, economics, and legal principles. The memorandum also aims to raise awareness of relevant legislation, prevent

fraud and money laundering, combat financial crimes, and protect the rights and legal interests of bank customers and depositors.

- The Financial Regulatory Commission and the National Police Agency signed a Memorandum of Understanding on December 4, 2024, to collaborate in combating, preventing, and interrupting crimes and violations committed via digital platforms.
- The AML/CFT National Council and Cooperation Council have held a total of four meetings to discuss and address critical issues for strengthening the AML/CFT/CPF regime in 2024. For instance, the Chairman of the AML/CFT National Council and Minister of Justice and Home Affairs issued Recommendation No.1 on May 6, 2024, urging Council member organizations to incorporate the responsibility for conducting national and sectoral risk assessments into their respective organizational functions.

Awareness raising and capacity strengthening activities

- To raise awareness and improve the understanding of the AML/CFT/CPT framework, Mongolian authorities, separately and jointly with international organizations, have organized more than 150 trainings, webinars, workshops, and outreach activities in 2024 and in duplicate numbers over 5,440 representatives have participated from the Government institutions, regulated reporting entities and the public.
- An international scientific conference on “Criminal proceedings in money laundering: challenges and solutions”, initiated by the State General Prosecutor's Office in collaboration with the National Council, the Ministry of Justice and Home Affairs, the FIU, Bank of Mongolia, the Asia Foundation, and the Hanns Seidel Foundation was held on September 25, 2024. The primary objective of this international scientific conference was to identify money laundering challenges, develop solutions, share successful international practices and information, and publicly discuss research approaches and findings.
- The working group, consisting of detectives and prosecutors, was established by Order No. A/88 of the State General Prosecutor, dated May 28, 2024. The group developed and published the "Methodology for Investigating, Prosecuting, Confiscating Assets, and Conducting Parallel Investigations for Money Laundering and High-Risk Predicate Offences Determined by the National Risk Assessment." This methodology, supported by the Asia Fund, was made available for official use by detectives and prosecutors, and training sessions were organized to enhance their expertise.

IV. EFFECTIVENESS UPDATE

9. Without prejudice to Mongolia's activities to enhance the effectiveness of its AML/CFT system, Mongolia did not provide any information for inclusion in this section.

V. CONCLUSION

10. Mongolia will remain in enhanced follow-up and report in accordance with Section X of the APG Mutual Evaluation Procedures 2023.