

Mongolia's Follow-up Report 2024

INTRODUCTION

1. This FUR presents Mongolia's progress (since its last FUR) in addressing the technical compliance deficiencies identified in its MER and/or previous FURs. In accordance with the APG's Mutual Evaluation Procedures, Mongolia is not eligible to seek re-ratings.
2. 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.
3. Mongolia's current ratings for effectiveness are outlined in its MER and its current ratings for technical compliance are outlined in its 2023 FUR. Both reports are available from the APG's website.

OVERVIEW OF PROGRESS

ML/TF Risk and Context Update

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

Technical Compliance Update

5. Mongolia has made a high-level political commitment to work with the FATF and APG to strengthen its AML/CFT regime and to address related technical compliance deficiencies identified in the MER 2017 and Follow-up reports. The Government of Mongolia has committed to finance all the necessary activities from the state budget to sustain the AML/CFT implementation progress.
6. The following key developments have been demonstrated for strengthening the AML/CFT/CPF framework of Mongolia as of February 1, 2024:
 - a) An "Action plan for implementing the AML/CFT National Strategy" was developed by Decree No. A/04 of the Chairman of the AML/CFT National Committee and Minister of Justice and Home Affairs on January 9, 2023. The action plan has 194 items to meet the 48 sub-objectives under 8 strategic objectives. In 2023, member organizations of the AML/CFT National Committee and Cooperation Council ensured the effective implementation of the action plan and reported their progress at these council meetings.
 - b) The Government of Mongolia issued Resolution No. 49 in 2023 announcing 2023-2024 as the "Year of Fighting Against Corruption". In this regard, National Program on "Taking Five Measures to Fight Against Corruption" was approved and special task force is ensuring the effective implementation of the program action plan. Under the National Program, law enforcement agencies (LEAs) have intensified the actions against corruption crimes.
 - c) The Government of Mongolia established 2-tiered working group in April 2023 to draft Strategic Trade Management Law and started the translation of EU dual use item list to be adopted by the Government. The Strategic Trade Management System would be a sound underpinning framework for detection of and prevention from proliferation related illicit activities and proliferation financing.

AML/CFT risk-based supervision

7. “Regulations on conducting off-site and on-site AML/CFT/CPF supervision of banks” were updated by Decree No. A-243 of the Governor of Bank of Mongolia in December 15, 2023, which enabled supervisors to update the risk assessment tools and procedures on ongoing basis, to expand the scope of the on-site supervision, and to conduct risk-focused supervision of banks more flexibly. These improvements were guided by the international best practices and recommendations provided by the US Treasury OTA.
8. The Financial Regulatory Commission made amendments to the “Regulation on Fit and Proper” by Decree No. 142 dated April 21, 2023. The amendments included money loan service providers to oblige with the market entry requirements, thereby expanding the scope of fit and proper regulation. Moreover, this amendment has enhanced the comprehensiveness of market entry requirements imposed on reporting entities.
9. “The Regulations on conducting off-site and on-site AML/CFT/CPF supervision of accounting service providers” updated and approved by Order No. A/06 dated June 15, 2023, of the Executive Director of The Mongolian Institute of Certified Public Accountants.
10. Supervisory authorities specified in the AML/CFT Law, including the Bank of Mongolia, the Financial Regulatory Commission, and professional associations, have continued conducting ML/TF/PF risk assessments, off-site and on-site supervision, and monitoring compliance of AML/CFT/CPF and TFS obligations of regulated reporting entities.

Measures taken for the law enforcement

11. The National Police Agency organized events to intensify the parallel investigation, detection, prevention, suppression, and recovery of hidden, transferred, and converted assets and proceeds of high-risk predicate offenses such as fraud, environmental crimes, tax evasion, and crimes related to the illegal circulation of narcotic drugs and psychoactive substances. These events include “Counterfeit Money”, “Monitoring & Inspection 2023”, “Fake Act-2023”, “Betting”, “Improving the resolution of investigation cases”, “Branch Council”, and “Money Laundering-Monitoring-Resolution”. In addition, National Police Agency launched the “Inspect-2 combat illegal online gambling” event and collaborated with Bank of Mongolia, Financial Information Unit and Communications Regulatory Commission of Mongolia to effectively combat cyber fraud.
12. The National Police Agency and Financial Regulatory Commission signed a cooperation agreement with Chainalysis to provide investigation and complaint resolution services against "Illegal Cryptocurrency Activities" and started using the software in its operations. By the agreement, in order to specialize police officers and Financial Regulatory Commission officers with the above software agreement, supervisors were trained by "Chainalysis" in Singapore in the field of tracking various cross-blockchain transactions and checking transactions through mixing devices and risk prevention measures in August 2023.
13. In November 2023, the Cybercrime Combating Center was established at the National Police Agency in collaboration with the General Prosecutor's Office, commercial banks, and mobile service providers, and started receiving calls and information through the special police number 102 and its website.
14. Mongolia became the 4th country in the world and the first country in Asia in early December 2023 to establish a Passenger Information Center with the support of the United Nations Flagship Program on Countering Terrorist Travel Program and officially went live with real data in January 2024. The Passenger Information Center of Mongolia is a centralized authority that consists of multiple agencies including police, customs, immigration, security, and border protection agencies. Mongolia made commendable achievements in introducing Advance Passenger Information and Passenger Name

Record (API/PNR) data processing and analyzing systems to trace the movement of transnational organized criminals and terrorist travel in advance.

International and domestic cooperation

15. The General Prosecutor's Office joined SEAJust - an informal network of central authorities for MLA in criminal matters in Southeast Asia which is open to 3rd countries. The General Prosecutor's Office became a member organization of the International Association of Prosecutors.

16. LEAs conducted operations to identify the assets purchased and transferred using illegal proceeds of crimes in overseas. As a result, LEAs is collaborating with foreign authorities to recover a total of 540,307 euros illegally transferred from Mongolia and placed in a commercial bank of the Republic of Latvia under the United Nations Convention against Corruption. In addition, LEAs have identified the location of individuals who fled to foreign countries during the criminal proceedings. Fugitives from Republic of Korea, People's Republic of China, Hungary, Turkey, the Philippines, Australia, Serbia, and Poland have been extracted and their investigation is ongoing.

17. The FIU-Mongolia signed a Memorandum of Understanding with the FIU of the Macao Special Administrative Region of the People's Republic of China in 2023 to exchange information and share and learn from other countries in the field of AML/CFT/CPF.

18. The Bank of Mongolia and FIU collaborated with commercial banks to strengthen Mongolia's global financial linkages and expand correspondent banking relationships. Financial Services Volunteer Corps has provided training on correspondent banking good practices and de-risking and conducted one-on-one meetings with selected commercial banks in 2023 under the technical assistance project. In addition, FIU collaborated with local consultants under the technical assistance project of the World Bank to research correspondent banking. As a result, a Mongolian systemically important bank successfully established a correspondent relationship with a U.S. bank - BNY Mellon.

19. The AML/CFT National Council and Cooperation Council have conducted a total of 5 meetings to discuss and solve crucial issues for strengthening the AML/CFT/CPF regime. For instance, the Chairman of the AML/CFT National Council and Minister of Justice and Home Affairs issued Decree No.09 on September 22, 2023, encouraging Council member organizations to increase AML/CFT/CPF human resources.

Awareness raising activities

20. 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 139 trainings, webinars, workshops, and outreach activities in 2023 and in duplicate numbers over 9,436 representatives have participated from the Government institutions, regulated reporting entities and the public.

21. In 2023, supervisory authorities facilitated comprehensive panel discussions and workshops across various sectors, including banks, non-bank financial institutions, security companies, asset management firms, and real estate agencies as well as DNFBPs. The primary objectives were not only to enhance reporting entities' comprehension of their obligations and rights under the AML/CFT/CPF regulations but also to gather detailed insights specific to each sector. Additionally, the Financial Regulatory Commission launched a "Training of Trainer" course aimed at preparing 17 qualified trainers in AML/CFT. The FIU-Mongolia organized academic training to over 20 university instructors to support the development of AML/CFT courses in the curriculum.

22. The General Intelligence Agency developed guidance for the investigation of Money Laundering and Terrorism Financing and introduced into its activities of investigators. Moreover, training videos on AMLCFT have been created to enhance the investigators' skills and capabilities.

23. The working group established by the Decree No. A/208 of the Chairman of the AML/CFT National Council and Minister of Justice and Home Affairs on June, 15 2023 conducted research on ML/TF risk of environmental crime and presented the findings to the AML/CFT Cooperation Council.

Effectiveness Update

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

CONCLUSION

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