



Republic of Iraq

Anti-Money Laundering and Combating the Financing of Terrorism Office

w w w . a m l . i q



AML/CFT National Strategy

2021 - 2023





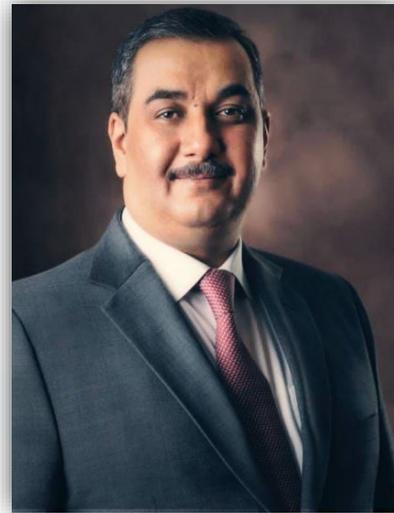
AML/CFT National Strategy





Message from H.E Chairman of the AML/CFT Council/ CBI Governor

We are pleased to present the second Iraqi national strategy on Anti-Money Laundering and combating the financing of terrorism (AML/CFT) for the period of 2021-2023. This strategy comes to complement our first AML/CFT strategy issued for the period 2017-2020. The AML/CFT Council vision, and future objectives of the AML/CFT regime in the Republic of Iraq are presented through the reflection of series of main axes and derived sub-objectives. These were developed according to specific programs and initiatives prepared in cooperation with international and domestic bodies, each in accordance with their respective competence.



The previous strategy was utilized to identify challenges, implantation constraints and ways to overcome it. This has helped to design future objectives of this strategy and to add new objectives in line with current international developments and national requirements stated in AML/CFT law no.39 of 2015, terrorism fund freezing order no.5 of 2016, and other legalization and international standards and practices; to achieve the main goal of protecting the financial system from money laundering and terrorist financing risks.

The anti-money laundering regime at all levels will work to implement this strategy, and in this regard, we would like to thank and appreciate our AML/CFT staff for their efforts in executing our pervious strategy and issuing this strategy.



Message from DG of the AML/CFT office

There is no doubt, the current political and security conditions that facing the world in general, and our region in particular, constitute a high-risk environment in terms of money laundering and terrorism financing (ML/TF) crimes. Specially, this type of crimes is a cross-border crimes committed by organized groups and creates a major global concern despite all the laws enacted and combating efforts. This is because the perpetrators of such crimes take advantage of any legal and instructions gaps that exists between different countries for committing money laundering or terrorism financing.

The Anti-Money Laundering and Terrorist Financing Office is seeking to address the challenges posed by current conditions, through its diligent work on:

- Developing and coordinating a strategic cooperation with relevant international organisations and counterpart units, and locally between banking and financial institutions, security and judiciary agencies, and various governmental and private agencies within the anti-money laundering and terrorist financing regime.
- Developing financial analysis programs, and building information databases, information exchange methods, and utilising analysis information network.
- Addressing emerging challenges compliance with international standards to combat money laundering and terrorist financing and improve international cooperation and coordination in this field.

The AML/CFT office continues to provide support to relative institutions to work on combating money laundering and terrorist financing by enhancing staff and public knowledge about the requirements of AML/CFT law, and the AML/CFT office activities and efforts at both national and international level.



Table of Contents

Title	Page
Introduction	1
Vision	2
Message	2
Objectives	3
International Organization related to AML/CFT Regime	5
Iraqi National AML/CFT regime	6
I/ AML/CFT Council	7
II/ Terrorist Funds Freezing Committee (TFFC)	7
III/ AML/CFT Office	8
IV/ Central Bank of Iraq	9
V/ Security and Intelligence Institutions (Law Enforcement Agencies)	10
VI/ The Judiciary Authority and the Presidency of the General Prosecution	13
Achievements of the First AML/CFT National Strategy (2017-2020)	14
The most important challenges faced in the implementation of the first national strategy (2017-2020)	21
Axes and Objectives of the National Anti-Money Laundering and Terrorist Financing Strategy for the Years (2021-2023)	22

Table of Acronyms

AML/CFT	Anti-Money Laundering and combating the financing of terrorism
TFFC	Terrorist Funds Freezing Committee
FATF	Financial Action Task Force
MENAFATF	The Middle East and North Africa Financial Action Task Force
ICRG	International Co-operation Review Group
UNODC	United Nations Office on Drugs and Crime



I / Introduction :

In general, the second Iraqi national AML/CFT strategy for the period 2021-2023 is addressing the republic of Iraq aims and objectives to combat money laundering and terrorism financing through policy development, future plans, and directing economic and human resources. Considering, the expansion of worldwide operations related to money laundering or terrorism financing, it has become an obligation for the country and each entity subject to the anti-money laundering and terrorist financing law to set strategic plan and take necessary action.

As ML/TF crimes have significant economic, social, and political effects ranging from risking country and people' s safety and security to creating instability on all levels. As part of the AML/CFT Council, AML/CFT office, and the Central Bank of Iraq efforts in combating related crimes, the AML/CFT Law No. (39) of 2015 was enacted and published in the Official Gazette No. (4387) on October 16, 2015. As well as many instructions, controls, guidelines, and customer due diligence procedures that comply with the international standards and requirements issued by the Financial Action Task Force (FATF) have been updated later.

This strategy is a complementary to the first national AML/CFT strategy of (2017-2020). It is mainly focused on Iraqi AML/CFT National Risk Assessment (NRA) project to identify, assess and analysis the country' s policies and set an action plan to be executed during (2021-2023). This will include what has been accomplished in the previous strategy, and what to be achieved in the next stage to fulfil the requirements of the international community and FATF recommendations. Also, will include studying the working environment at both national and international levels, and monitoring capabilities, roles, and responsibilities. Additionally, the necessary procedures to implement policies through scheduled programs, considering the preparation of a specific strategic plan for future steps and preventive measures taken by the country to combat risks resulting from ML/TF operations.



II/ Our Vision:

An effective system to combat financial crimes in general, including fraud, corruption, bribery, smuggling, tax evasion, extortion, kidnapping and theft, and any other crime that leads to money laundering and/or terrorist financing, and to protect the financial system in the Republic of Iraq from illegal activities.

III/ AML/CFT Message:

Building an effective monitoring system and its application to ensure best measures for combating ML/TF, based on active domestic laws, and in compliance with international requirements. Preventing risks of ML/TF to financial system and society through coordination and cooperation, as well as facilitating information exchange with relevant local and international competent authorities.





IV/ Objectives:

1. develop and enhance effectiveness of national legislation related to combating financial crimes and activities related to ML/TF.

2. Improve and update the structure of the AML/CFT regime in Iraq, and attribute roles and responsibility among relative entities.

3. Finalising and publishing Iraqi AML/CFT National Risk Assessment during 2023.

4. Protecting and preventing banking system to be exploited for illicit or criminal activity by conducting necessary studies and reporting of any new patterns used for ML/TF activities and circulating recommendations to the banking and non-banking financial institutions to apply required due diligence.

5. Strengthening mechanisms for exchanging information between internal and external parties related to AML/CFT regime, while maintaining the confidentiality of information exchanged, and unifying the intelligence effort.

Prosecution 6. Enhancing coordination between the AML/CFT office and the Public court by follow up on the progress of investigations at the Court of Integrity, Money Laundering and Economic Crime.

Prosecution 7. Enhancing coordination between the AML/CFT office and the Public court by follow up on the progress of terrorism crimes investigation, and court' s decision issued for documentation and records keeping purposes.

8. Developing and documenting the necessary executive coordination procedures with related entities subject to the provisions of AML/CFT Law No. (39) of 2015.

9. Building capacities of the relevant authorities by organising workshops and training courses on a regular basis and initialising annual comprehensive program to develop the role of these authorities in reporting suspicious activities.

10. Provide training to working staff of the related financial, and other sectors such as non-governmental organizations, non-financial professions including lawyers, chartered accountants, and dealers in precious metals, stones, and gold.



11. Work on improving the compatibility of Iraqi laws and FATF recommendations.
12. Finalising Egmont Group joining requirements and waiting for site visiting that is arranged by Egmont Group representatives.
13. Enhancing public awareness on consequences of financial crimes, illicit earnings, and financing terrorist groups, that leads to risk people' s security and safety. This objective to be achieved through publication on media, newspapers, digital press, internet, and social networks.



International Organisation Related to AML/CFT Regime

IMF

promotes international financial stability and monetary cooperation. It also facilitates international trade, promotes employment and sustainable economic growth, and helps to reduce global poverty. The IMF is governed by and accountable to its 190 member countries was conceived in July 1944 at the United Nations Bretton Woods Conference in New Hampshire, United States.

World Bank

The World Bank is one of the United Nations specialized agencies concerned with development, consisting of a group of five global organizations, responsible for financing countries for the purpose of development and reducing expenditures, in addition to encouraging and protecting global investment. The World Bank Group provides a wide range of financial products, advice, technical and economic support, and helps countries share and apply innovative knowledge and solutions when addressing the challenges, they face.

Accordingly, the World Bank provided technical and advisory support to Iraq to start the national risk assessment process, and the office was provided with the methodology available to it to rely on and benefit from it as much as possible in accordance with the law, instructions and local regulations in Iraq.

European Commission

Is the executive branch of the European Union, responsible for proposing legislation, supervising the implementation of decisions, upholding EU treaties and managing the day-to-day business of the European Union, as well as setting up the Union's general budget and supervising its implementation. In addition, the Commission represents the Union in international negotiations and is entitled to sign agreements with countries outside the Union and has broad powers in the matter of accepting new members to the Union.

FATF Financial action task force

(FATF) is the global money laundering and terrorist financing watchdog. The inter-governmental body sets international standards that aim to prevent these illegal activities and the harm they cause to society. As a policy-making body, the FATF works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

MENAFATF

On November 30, 2004, a ministerial meeting was held in (Kingdom of Bahrain - Manama), in which the governments of 14 Arab countries, including the Republic of Iraq, decided to establish the group to work similar to the Financial Action Task Force (FATF). The group is of a voluntary and cooperative nature and was established by agreement among its members. It does not emanate from an international treaty, and it is independent of any other international body or institution, and it determines its work, systems and procedures. The group's work, systems and procedures are determined by the consensus of its members, provided that it cooperates with other international bodies, especially the Financial Action Group, to achieve its goals.

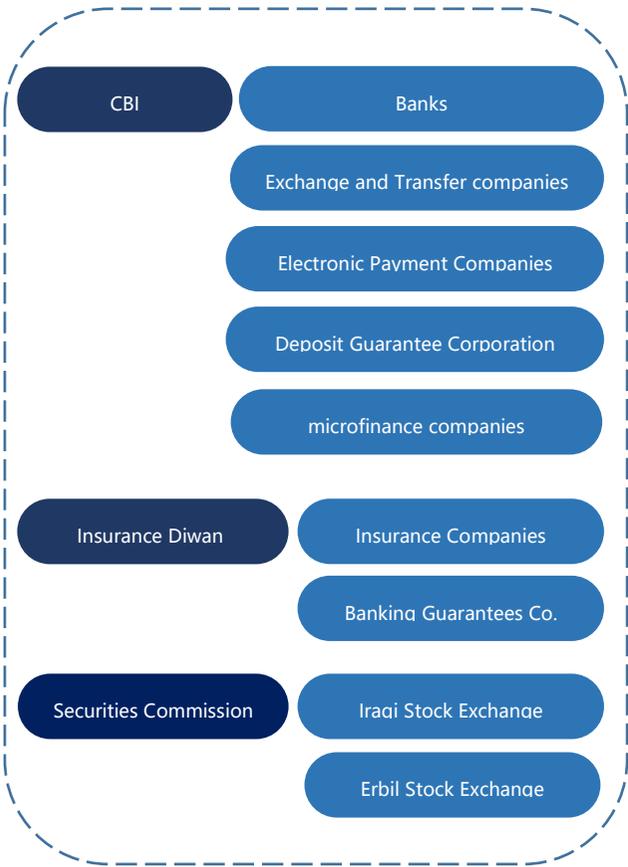
United nations

In 2019, the United Nations Security Council issued Resolution No. 2462, which affirms the set of decisions and presidential statements taken by it regarding terrorism and combating it, and that the responsibility for combating terrorist acts rests with member states, and stresses the need for states to become parties to all international conventions and protocols to combat terrorism. Terrorism as soon as possible, including the International Convention for the Suppression of the Financing of Terrorism, the United Nations Convention against Transnational Organized Crime and the Protocols thereto, and the decisions of the Terrorist Organizations Sanctions Committee. And ISIS and others financially.



Iraqi National AML/CFT regime

AML/CFT Council



Financial Institutions

AML/CFT Office



DNFPPs

TFFC



Judiciary/ Law Enforcement



Iraqi AML/CFT related entities: -

I/ AML/CFT Council

In continuation of Iraq' s efforts on combating ML/TF during past years, the Council keeps following up the national, regional, and international efforts, updates, and developments in this field. Also, presents working proposals on developing and executing the role of AML/CFT related authorities as stated in the AML/CFT Law No. 39 of 2015, and issuing AML/CFT instructions and controls that lead to the implementation of the legal articles based on the above-mentioned law.

The Council encourages all related parties to comply to FATF recommendations and international requirements. especially, after the Security Council Resolution No. 2462 of 2019 has considered FATF recommendation as mandatory, and countries must ensure its implementation and compliance. Additionally, the AML/CFT council encourages these parties to intensify efforts and provide all requested information and statistics by the AML/CFT office, particularly, those related to ML/TF national risk assessment, in order to identify risk, threats and vulnerabilities in the AML/CTF regime.

II/ Terrorist Funds Freezing Committee (TFFC): -

Due to the significant growing in terrorist financing risks, and the escalating negative repercussions of this crime on countries security and financial system, the Committee for Freezing Terrorist Funds was formed at the General Secretariat of the Iraqi Council of Ministers based on the provisions of Article (15) of the Anti-Money Laundering and Terrorist Financing Law No. 39 of 2015. This committee consist of the following:

First – CBI Deputy Governor- Chairman

Second - Director General of the AML/CFT Office - Vice President

Third - A representative of the following entities whose job title is not less than a Director General or a brigadier general (in case of military position):

1. Ministry of Finance.
2. Ministry of the Interior affairs.
3. Ministry of Foreign Affairs.
4. Ministry of Justice.
5. The Ministry of Commerce.
6. The Ministry of Communications.
7. Integrity Commission.
8. Counter-Terrorism Service.
9. The National Intelligence Service.



The TFFC responsibilities can be stated as follows: -

- I. Circulating details of individuals or entities listed on the United Nations Security Council Consolidated List to the competent authorities without delay after its publication on the UNSC official website. The competent authorities must take necessary action by freezing funds, any other assets, funds of persons and entities acting on designated names behalf or under their direction or for their interest, and this includes funds and other assets derived or generated from properties owned or controlled directly or indirectly by designated names.
- II. Preparing a domestic list of individuals or organizations involved in terrorism activities, and meet the assets freezing criteria, based on the information provided by the competent authorities.
- III. Receiving assets freezing request from foreign countries through the Ministry of Foreign Affairs regarding designated individuals residing in Iraq and check the availability of the freezing criteria in order to issue assets freezing decision accordingly.

III/ AML/CFT Office: -

The world' s persistent evolution in the field of finance, money transfer, various banking business and adoption of modern payment methods has led to diversity of methods and means used by money launderers and terrorist financiers. It has been imperative for the Republic of Iraq to improve and develop policies and procedures to be proportional to the existing risks.

The AML/CFT Office is keen to set high priority to the cooperation and coordination activities at both domestic and international levels, specially, with committees working on combating money laundering and terrorist financing, and any working groups that emerge from them, and by office' s participation in regional and international meetings and events. During past years AML/CFT office has aimed to establish an effective system for combating ML/TF by encouraging concerned authorities to apply the appropriate measures and procedures for their application. Also, execute article (3) of the AML/CFT law No. (39) of 2015 by signing memorandums of understanding with peer units.



IV/ Central Bank of Iraq: -

The Central Bank of Iraq (CBI) has implemented its strategy for the period of (2016-2020). Being the bank's first strategy that follows an integrated approach in strategic planning and covers definition of main aims and sub-objectives, and turned into projects, programs initiatives with specific content, and timing. This was achieved after detailed analysis of internal and external environment to identify strengths, weaknesses, opportunities and challenges, and participation of all CBI formations, as well as AML/CFT Office.



The action plan had derived its objectives from the country's general policy in building a free-market economy based on competition factors and activating role of private sector in economic development. As well as, implementing the CBI aims in terms of achieving financial system stability, maintaining promote sustainable development, provide job opportunities and achieving prosperity in Iraq. Great attention has been paid to the supervision and monitoring sector to build an efficient and effective banking system that works based on best practices. Additionally, extensive attention has been paid to information technologies and the use of modern programs used to automate the activities of the CBI in management, work organisation, control, data management, reporting, and payments.

The role of the international financial institutions with the CBI and the AML/CFT office in terms of communication, building a strategic partnership based on trust, coordination, and common interest will lead to the success of this strategy. Therefore, these international institutions are assisting the CBI and the AML/CFT Office by providing support and assistance in developing and implementing many standards and requirements. It had yielded significant and tangible results in developing and performance enhancement of banking and domestic non-bank financial institutions.



This strategy will contribute significantly to the capacity development of related institutions' staff in terms of identifying, analysis, validation and reporting of suspicious financial activities. This development will assist in protecting these institutions from penalties, fines, loss of shareholder funds and defamation of the banking system. Compliance officer, AML/CFT unit head, and risk management officer, have been appointed at each institution, to protect these institutes from being subject to legal consequences such as, license cancelation, fines, reported as a criminal case to judiciary, as well as, cancelling participating in foreign currencies sells at the CBI. Additionally, sanction recommendation report will be submitted to the Committee for Determining Sanctions on Banks and Non-Banking Financial Institutions at CBI.

V/ Security and Intelligence Institutions (Law Enforcement Agencies): -

Organized crime networks are usually involved in many criminal activities such as human trafficking, drug trafficking, illegal trades, weapons, smuggling and theft, financing and supporting terrorist operations that target citizens and destabilize the security of the country... etc. These networks make billions of dollars in revenues, develop long-term strategies, and adopt various methods of operation in order to achieve maximum profit with the least possible risks. Therefore, the effective role of law enforcement agencies (state-owned entities) in the Republic of Iraq is vital. The constitutional duty of the government is to protect the rights and freedoms of citizens and all operating institutions, and it is not limited to castigating offenders and restoring rights only but that extend to creating conditions that inhibit the violation of the law. In Iraq the AML/CFT related law enforcement agencies are as follows:



(1-1) National Security Advisory (NSA): -

The National Security Advisory (NSA) was established based on order no.68 of 2004. Since that time, it had provided security consultation and specialised studies presented by the NSA advisors and others working in department and studies centre of the NSA. These studies have been reported to the Council of National



Security to contribute to decisions making. The NSA also seeks to coordinate national security policies with other security related ministries and intelligence agencies to achieve unify policies and comprehensive security strategies.

The National Security Adviser is currently leading the implementation and preparation of the AML/CFT national risk assessment. In which holds periodic meetings to follow-up on progress made, and obstacles facing the working groups, and ways to overcome it in order to finalise Iraq' s AML/CFT NRA report.

(1-2) Iraqi National Intelligence Service (INIS): -

The INIS works to protect national security of Iraq and Iraqi citizens at homeland and abroad. It is operating on a coordinated intelligence work system that specialises in collecting and analysing information, and managing intelligence activities related to counterintelligence, threat to Iraqi national security, terrorism and insurgency, and the production of weapons of mass destruction of all types including (biological, nuclear, or chemical). As well as, combating drugs production, trafficking, relics, and natural resources smuggling, collecting information on foreign organisations that subject to legislative oversight. Finally, the INIS operates in accordance with the security services law and with the recognised principles of human rights.





(1-3) Iraqi National Security Service (INSS): -

The INSS works on collecting and analysing intelligence information on terrorist organizations and groups, and follows up their activities, monitors movements of extremist ideologist, follows up misuse of civil society organizations and foreign companies that operating in Iraq and their relationship with suspicious parties, investigating administrative and financial corruption, and combats economic crimes, smuggling, drugs trafficking, arms trade, violations of quality control conditions, counterfeiting, and everything that harms the security of citizens at health and environmental levels to take appropriate measures.



The INSS works on the implementation of National Information Bank contains all security and criminal records, in order to achieve the security of communications and coordination with the competent institutions, while setting the appropriate security controls.

(1-4) Counter Terrorism Service (CTS): -

The CTS goal is combating and eliminating terrorism activities in all its forms through the establishment of measures and procedures and take necessary security operations and strategic plans that were designed in accordance with the law. CTS also conducts surveillance, inspections, and investigations, and executes investigation of arrest warrants issued by the competent investigating judge. The CTS coordinates, collaborates and exchanges information with security agencies and relevant parties internally, as well as with regional and foreign counterparts. In order to trace and cutting off sources of terrorism financing the CTS works in cooperation and coordination with the AML/CFT office, the Central Bank of Iraq and other relevant bodies.





(1-5) Ministry of Interior (MoI) - Directorate of Combating Organized Crime:-

The mission of Ministry of Internal Affairs is to maintain Iraqi internal security, control borders with neighbouring countries, combat terrorism, drugs, and weapons trafficking. The MoI had established the Combating Organized Crime Directorate (COCD) in 2016, and its main goal to combat crimes related to money laundering, financing of terrorist groups, smuggling of antiquities and weapons, drug trafficking. In addition, COCD works in cooperation with the CBI on monitoring suspicious activities carried out by money transfer or exchange companies, and electronic payment points. As well as monitoring unauthorized companies and payment points, which had contributed significantly to laundering of criminal proceeds, and the financing of terrorism. Therefore, COCD keeps continuous follow-up and perform intelligence operations prior to their inspection and field investigation. Thus, all the above-mentioned entities contribute to reports any suspicious activity to the AML/CFT office to take appropriate legal action and transfer each case to the competent courts.



VI/ The Judiciary Authority and the Presidency of the General

Prosecution: -

Judiciary authorities play major role in STRs examining that received from the AML/CFT office and collect other evidence that supports the judiciary decision issued against suspected entities and individuals.

The Judiciary authorities have developed a database contains the number of adjudicate cases in favour AML/CFT office, and details of suspicious reports that are submitted by non-banking and financial institutions.

furthermore, the procedures and mechanisms of Public Prosecution, the Iraqi Integrity, Money Laundering and Organized Crime Court (IMLOCC) have been developed to operates in coordination with the relevant authorities to ensure the security and speed of information exchange in.



Training and capabilities building programs have been conducted to the staff and judges of the Public Prosecution and the IMLOCC. these programs have included several local and international workshops organised through coordination with the AML/CFT office.





Achievements of the First AML/CFT National Strategy (2017-2020.)

- 1. Iraq was moved from regular follow-up status to biennial updates** based on decision issued during the 27th Plenary of the Middle East and North Africa Financial Action Task Force (MENAFATF) held in April 2018. Where, Iraq have submitted its eighth follow-up report explaining the country achievements in the field of combating money laundering and terrorist financing, and fulfilling FATF' s requirements, and in particular, the requirements of the International Cooperation Review Group (ICRG).
- 2. The first strategy had set one of its objectives to cope with technology development of applied AML/CFT technologies.** Therefore, during 2017 to 2020 tremendous improvements and modifications were made to the technical infrastructure, communication systems and security features. The development process had covered the implementation of detailed database, and correspondences' follow-up and archiving system that includes all financial and non-financial institution related information. As well as, in terms of information exchange with other entities a secure communication system called (I2N) was established for information sharing between AML/CFT office and MOI/COCD. During 2020 the AML/CFT office has signed the Standard Level Agreement with United Nations Office on Drugs and Crime (UNODC) to implement goAML software.
- 3. Training and capacity building for staff members of the AML/CFT regime has been carried out.** This objective was set to provide up to date training to AML/CFT office staff members and the relevant. Basic and advance workshops were conducted in coordination with domestic and international expertise and organisations such as the International Monetary Fund, the World Bank, MENAFATF, as well as the United Nations Office on Drugs and Crime (UNODC).



The AML/CFT law no.39 of 2015 had stated that training courses, and participation in national and international conferences and workshops are mandatory for working staff of the AML/CFT regime. Therefore, AML/CFT office had conducted several training programs and workshops to staff of other entities during (2017-2020). These programs were designed to present and discuss AML/CFT law, FATF recommendations, and new techniques used for ML/TF. This has contributed to the quality of STRs received by the AML/CFT office due to knowledge enhancement of reporting entities. Below table shows the number of working staff whose have obtained a certified qualification:

Course	Number of qualified members
Certified Anti-Money Laundering Specialist (CAMS)	228
Certified Financial Crimes Specialist (CFCS)	8
Certified Global Sanctions Specialist (CGSS)	25

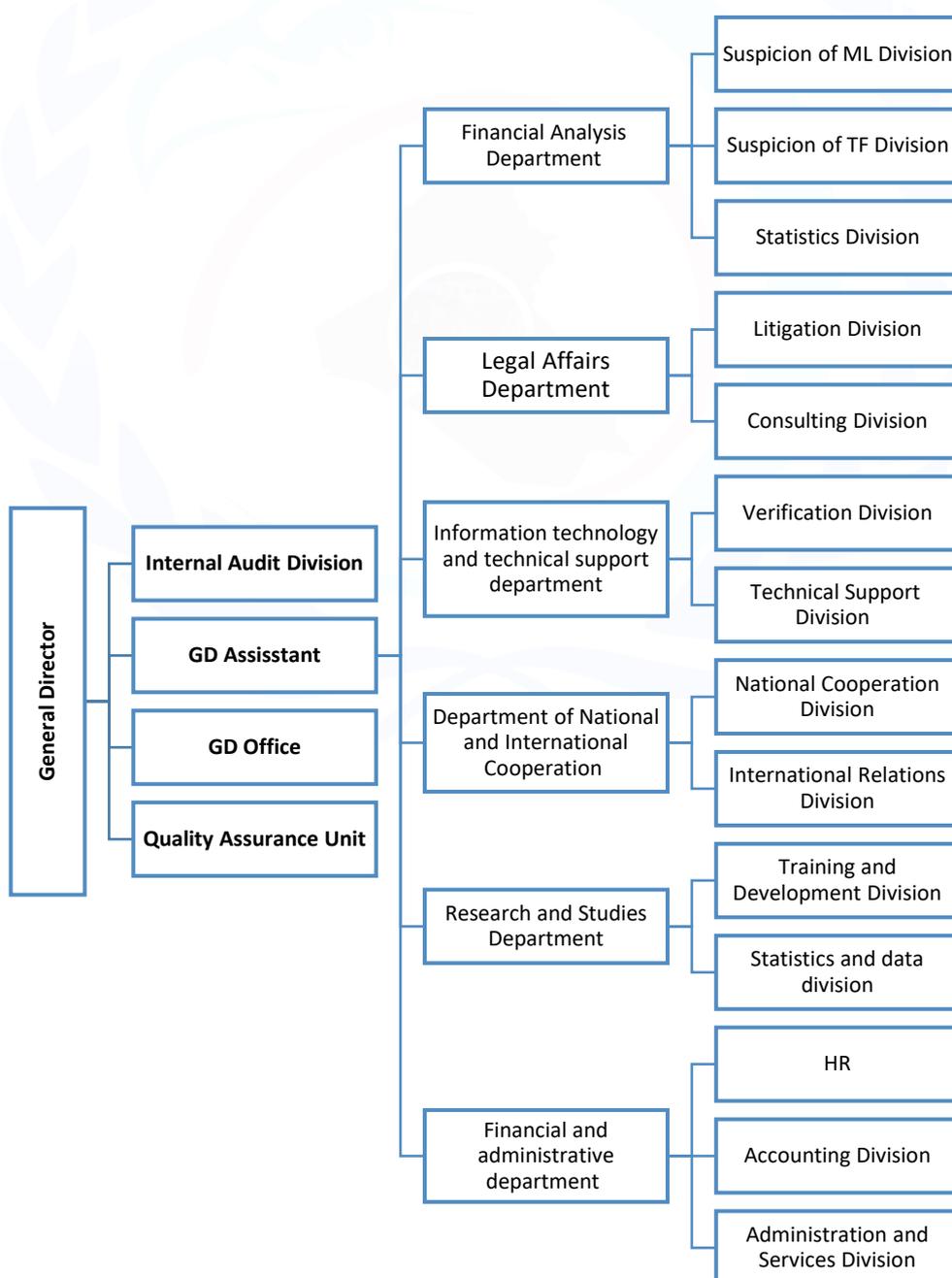
4. In terms of updating structure of the AML/CFT regime the following objectives were achieved:

A. Updating the organisational structure of the AML/CFT office:





- The organizational structure of the office was updated during (2017 - 2020) in order to comply with international, national and daily tasks requirements. The following chart represents the organisational chart of the AML/CFT office.
- A manual of policies and procedures has been prepared for each department in the AML/CFT office. This manual provides details of responsibilities, workflow, and jobs description.
- New employees of various specialisations, holding high graduation and bachelor' s degrees have been recruited in order to enhance daily work activities efficiently and effectively.





B. Issuing controls, instructions, and guidelines to related entities, as follows:

• the Suspicious indicators Guideline of ML/TF for DNFPSS	2016
• the Suspicious indicators Guideline of ML/TF for Banking Transactions	2016
• the Suspicious indicators Guideline of ML/TF for Securities	2016
• the Suspicious indicators Guideline of ML/TF for NPOs	2016
• the Suspicious indicators Guideline of ML/TF for Exchange and transfers Companies	2016
• the Suspicious indicators Guideline of ML/TF for Insurance sector	2016
• the Suspicious indicators Guideline of ML/TF for Electronic Payment sector	2016
• Statement No. 1 issued by the AML/CFT Council regarding to reducing the limit of the amounts in which due diligence measures are taken	2017
• Issuing the Regulation of AML/CFT for insurance sector	2017
• Customers Due diligence regulation regarding to securities	2017
• Due diligence instructions regarding to PEPs	2017
• Customer Due Diligence Rules Instructions for Financial Institutions	2017
• Regulations for cross border Funds declaration when entering and leaving Iraq border No. (1)	2017
• Guidelines for Combating Terrorism Financing	2018
• The first amendment to the regulation for cross border Funds declaration when entering and leaving Iraq border No. (1)	2019
• Regulations of AML/CFT for legal profession	2019
• Regulations of AML/CFT for accountants and auditors	2019
• Regulations of AML/CFT for goldsmith and gem dealers	2020



C. Agreements are signed with local authorities to cover sectors and activities within the AML/CFT regime, as explained in paragraph 5-b below.

5. Cooperation agreements signed with various concerned parties inside Iraq and MOUs with counterpart units.

A- Strengthening international cooperation in the field of AML/CFT with counterpart units, the AML/CFT Office has concluded 5 bilateral MOUs with the counterpart units shown below, in line with the Egmont Group Principles for Exchange of Information Charter:-

2019

- MOU with the Danish Public Prosecutor for Serious Economic Crimes on 20/2/2019.
- MOU with the Belgian Financial Intelligence Unit on 25/2/2019.
- MOU with the AML/CFT Unit of the Kingdom of Jordan on 25/4/2019.
- MOU with the Lebanese Special Investigation Commission on November 26, 2019.

2020

- MOU with the French Financial Intelligence Unit on 3/4/2020

B- AML/CFT Office also concluded 12 cooperation agreements with the local authorities concerned with AML/CFT regime, as follows: -

2017

- Cooperation agreement with the Banking Supervision Department in 2017.
- cooperation agreement with the Integrity Commission, the extradition Department, in 2017.
- Cooperation agreement with the Ministry of Interior / General Directorate for Combating Organized Crime in 2017.
- Cooperation agreement with the Counter-Terrorism Service in 2017



2018

- A cooperation agreement with the Iraqi National Intelligence Service in 2018.
- A cooperation agreement with the Ministry of Interior in the Kurdistan Region in 2018.
- Cooperation agreement with the General Authority of Customs in 2018.
- Cooperation agreement with the Ministry of Interior / Office of the Inspector General / Training and Development Department in 2018.

2019

- Cooperation agreement with the Supreme Authority for Hajj and Umrah / Administrative and Financial Department in 2019.
- Cooperate agreement with the Ministry of Commerce / Companies Registration Department in 2019.

2020

- Cooperation agreement with the Ministry of Finance / General Tax Authority in 2020
- Cooperation agreement with the National Security Agency in 2020.

6. Decisions issued by the Terrorist Fund Freezing Committee according to implementing the recommendation (6-targeted financial penalties related to terrorism and terrorist financing).

During the years (2017-2020) and since its establishment, the Terrorist Funds Freezing Committee held several meetings and discussed several topics, most notably the issue of risks related to non-profit organizations and the requirements of the mutual evaluation process that Iraq will be subject to starting from the first half of the year 2023, as well as following up on the stages it has reached. The National Assessment of Money Laundering and Terrorist Financing Risks, and decisions were issued on the various as follows:



#	subject	2017		2018		2019		2020	
1	TFFC Decisions	33		79		48		49	
2	decisions issued based on local authorities request	8		11		7		18	
3	decisions issued based on other countries request	3		5		3		N/A	
5	Requests received by the Committee for a permit to dispose of frozen funds or economic resources	N/A		N/A		1		1	
6	objection requests received by the Committee	4		5		N/A		2	
7	approvals for requests received by the Committee for a permit to dispose of frozen funds or economic resources	N/A		N/A		1		1	
8	persons and entities included in the lists issued by the Committee	individual	Entity	individual	Entity	individual	Entity	individu	Entity
		219	18	60	17	507	4	316	6

According to Articles (9, 13, 15) of the Terrorist Funds Freezing Regulation No. (5) of 2016, this AML/CFT office publishes all the decisions of the TFFC in this regard on its website as soon as they are received from the committee. The office also worked to oblige banks and transfer companies. The financial and exchange companies, insurance companies and brokerage companies in the sale and purchase of securities under Circular No. (2) on 30/1/2018 to review the website of the office on a daily basis from those institutions and their affiliated branches and work to implement those decisions in a way that ensures speed in their implementation as well as to Directing circulars to the government agencies concerned with the freezing, so that the necessary is taken within the specified period.



The most important challenges faced in the implementation of the first national strategy (2017-2020)

- 1- The security instability caused by ISIS, and the greater part of the state' s attention was directed to confronting and liberating Iraqi lands.
- 2- The continuation of the impact of the economic instability resulting from the drop in oil prices 2015-2017, which caused an increase in the state' s public debt due to the expansion of military spending to achieve security
- 3- The spread of the Covid-19 pandemic in early February 2020 and the disruption of most public facilities in the country due to preventive measures to confront the pandemic.
- 4- Completion of the implementation of the main requirements for joining the Egmont Group, the failure to achieve a field visit due to the spread of the Corona virus prevented the completion of procedures.





Axes and Objectives of the National Anti-Money Laundering and Terrorist Financing Strategy for the Years (2021-2023)

The first axis:

the national risks assessment

The national risks assessment represents the first recommendation of the forty recommendations of the Financial Action Task Force (FATF), and is defined as a result or process based on a methodology, agreed upon by the concerned parties, that seeks to identify, analyse and understand the risks of money laundering and terrorist financing, and it is the first step to address these risks. The methodology used in Iraq, on the basis of which the national assessment of risks is conducted, consists of three main components: threats, vulnerability, and consequences.

The main objective of Iraq conducting the national assessment of money laundering and terrorist financing risks is to improve its AML/CFT system, which would enhance international cooperation at all levels, as well as join international conventions and covenants related to combating money laundering and terrorist financing, as well as exit high-risk jurisdictions lists, contribute to attracting investments to the country and boosting the economy. This is done through:

- Assessing the money laundering and terrorist financing risks facing the Iraqi state.
- Evaluate the effectiveness of the strategies and policies used to reduce risks.
- Analyse priorities to reduce risks
- Take justified decisions regarding the reduction of anti-money laundering and terrorist financing measures for low-risk products and sectors, if any.



Main Axes

First Axes

Complete the national risk assessment within the specified time

Objective

Identifying risks, threats and weaknesses in the sectors subject to the Anti-Money Laundering and Terrorist Financing Law 39 of 2015 and

Performance indicators

- Designating Point of Contact officer with the various entities within the AML/CFT regime.
- Communicate and coordinate with representatives of relevant local authorities.
- Preparing and training identified task force to ensure an understanding and assessment of money laundering and terrorist financing risks.
- Ongoing follow-up with the World Bank project team
- Identifying risks and gaps in the field of combating money laundering and terrorist financing and finding solutions to issue regulations and controls.
- working to make the AML/CFT Office as a national center for collecting, analyzing and circulating the information available to it, about possible money laundering and terrorist financing, and setting up the means to facilitate the task of the judicial authorities and other competent authorities in applying the Anti-Money Laundering and Terrorist Financing Law.

Output

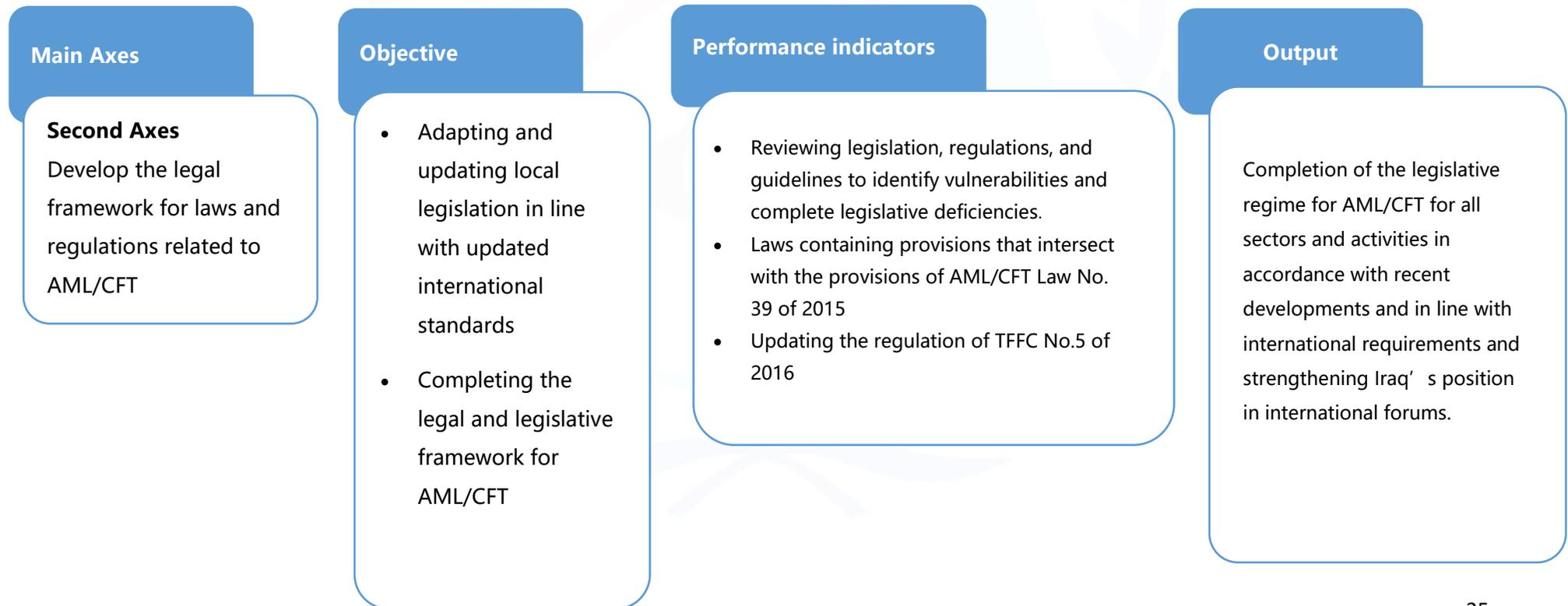
Suggesting the amendment and updating of legislation, and means in line with the assessment results of the sectors in order to mitigating risks



The second axis:

Updating the legal framework for combating money laundering and terrorist financing

The Anti-Money Laundering and Terrorist Financing Law No. 39 of 2015 and the Freezing Terrorist Funds Regulation No. 5 of 2016, and the instructions issued by the regulatory authorities as well as the guidelines that clarify suspicious indicators, dealing mechanisms and common scenarios cover the basic obligations of the sectors subject to these legislation within the AML/CFT system In Iraq, however, it needs to keep pace with the continuous developments and updates in this field to complete the anti-money laundering and terrorist financing system on the one hand, and to increase the effectiveness of its procedures and work mechanism on the other hand.





Third Axis:

Combating Terrorism Financing

Terrorism in all its forms and manifestations represents one of the most serious threats to international peace and security, and any terrorist act is a criminal act that cannot be justified, regardless of its motives, timing, status or identity of the perpetrators. Accordingly, the Security Council, by its Resolution No. 2462 of 2019, stresses that the responsibility for combating terrorist acts rests with member states, Hence, the necessity for these countries to abide by all decisions and join the international protocols related to combating terrorism, the most important of which is the International Convention for the Suppression of the Financing of Terrorism and the United Nations Convention against Transnational Organized Crime and the protocols thereto .

Accordingly, it should be noted here that a local Iraqi committee was formed in the General Secretariat of the Council of Ministers called (TFFC) (Terrorist Funds Freeze Committee) under Diwani Order No. (19s) of 2017, based on the provisions of Article 15 of the Anti-Money Laundering and Terrorist Financing Law No. 39 of 2015 headed by Deputy Governor of the Central Bank of Iraq and the membership of the AML/CFT Office and other relevant bodies. The Council of Ministers issued (Regulation No. 5) for the year 2016 that defined the work and tasks of this committee and its legal responsibilities and powers.



Main Axes

Third Axes

Combating Terrorist Financing

Objective

Follow up on the implementation of United Nations treaties and conventions and Security Council resolutions related to combating terrorism.

Updating the regulation of TFFC No.5 of 2016

Building capacities related to combating the financing of terrorism.

Performance indicators

- Increasing coordination with the Iraqi Counter-Terrorism Service and developing capabilities on combating terrorist financing.
- Continuous updating and follow-up of international resolutions and resolutions issued by TFFC.
- Defining frameworks and understanding the risks and strategies of terrorist organizations, and other national risks, and adopting the best methods and techniques used to combat them locally and internationally.
- Coordination with the Military Intelligence Directorate in the Army Chief of Staff for their role in combating terrorism

Output

- Publish the names of individuals and entities on terrorist freezing list ASA decision issued by TFFC.
- Completing the legal procedures for referral to the judiciary to issue final judgments against them.

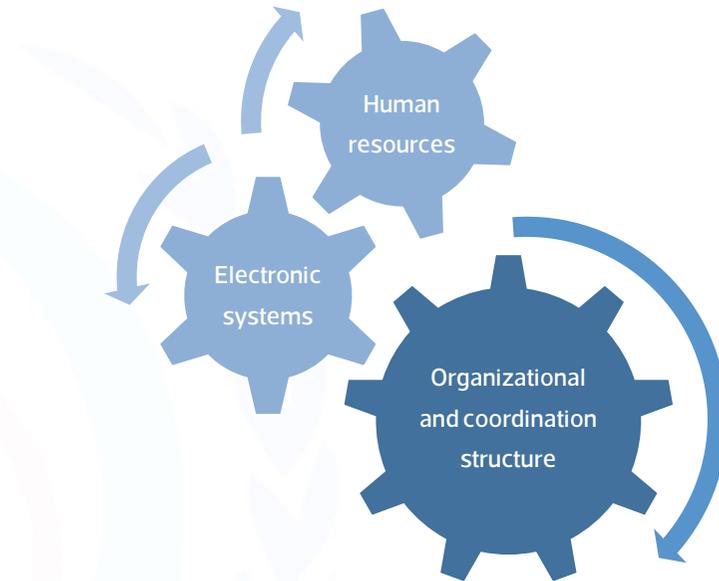


Fourth Axis:

Institutional Development

Institutional development in general is of great importance as a process of developing the organization's capabilities and the capabilities, skills of individuals in order to enable it to adapt to modern technology, face environmental challenges and contribute to raising the level of performance, which helps it implement its plans and achieve its goals. Considering institutional development as a tool to keep pace with these changes as it contributes to the success of the institution so that it can survive and continue. This is at the level of a single institution, so the issue is of greater importance in the event of development targeting a system that includes different institutions, sectors and activities.

The institutional development of the AML/CFT system in Iraq is of great importance and interest in order to maintain the integrity of the financial system in Iraq and comply with international standards in this field by upgrading the structure of the AML/CFT system to fill the gaps, as well as developing a electronic systems, The institutional and administrative procedures that ensure the implementation of the AML/CFT Law and the achievement of oversight in accordance with the best international standards and practices, such as the goAML financial information system, linking the database of the Ministry of Commerce / Companies Registration Department, following up on the performance evaluation of these mechanisms and verifying and improving the effectiveness of the procedures set by the state continuously.





Main Axes

Forth Axes

(Institutional development)

Objective

Distribution of roles and authorization within the AML/CFT regime

Enhancing the use of technical systems in the field of AML/CFT.

Capacity Building & Training

Performance indicators

- Using go AML
- Establishing databases for bank customers (companies, individuals)
- Participation in the activation of systems for controlling financial transactions in the merged exchange companies.
- Establishing a national database.
- Attracting expertise
- Training of regulatory and law enforcement agencies within AML/CFT regime.
- Training employees in all financial and non-financial institutions, businesses and professions.
- Creating a Compliance Department in AML/CFT Office.
- Updating the structure of AML/CFT Council (creating a secretariat to follow up on the sectors subject to the law)

Output

- Completing the installation of (Go AML) system and the development of programs through which best standards and international practices are applied to maintain the confidentiality and security of information and to provide it in a timely manner between the AML/CFT system.
- Giving direct access to companies' registration databases that include all shareholder information and its management
- Providing access to the databases of law enforcement agencies, Directorate of Civil Status, Passports, and the Real Estate Registration Department, in order to facilitate access to the information needed to analyze suspicious transactions quickly and with relative accuracy, which provides shortening the time and effort required in preparing official statements to obtain the necessary information in this matter.
- Involving the information technology specialists in courses and workshops to increasing their knowledge
- Strengthening internal management, risk management, information and cyber security along with security systems.
- Attracting expertise
- Work on the continuity of capacity-building development by reviewing the best professional practices and performing the work entrusted to them in an advanced manner
- Quality of reports provided by reporting institutions.
- quality of the reports submitted by the FIU to the Prosecution and the AML/CFT Council.
- Participating in workshops outside the country to benefit from international experiences, as well as internal workshops held inside Iraq in partnership with the Central Bank of Iraq



Fifth Axis:

Strengthening local and international cooperation and coordination in the field of combating money laundering and terrorist financing

Coordination and cooperation at the local and international levels are of great importance to intensify governmental and private efforts to combat money laundering and terrorist financing as a “national duty, a moral act, a legal requirement, an economic necessity, and an interest that serves to protect business and investments and contribute to their growth and prosperity,” as the approach adopted by the Republic of Iraq. In front of international forums in this regard, it is to firmly address money laundering and terrorist financing crimes, in a manner that improves the reputation of the national economy globally, ensures the strengthening of the role of the Republic of Iraq as an active element in the international community, and consolidates its position as a promising economic centre that attracts foreign investments that applies the highest standards of integrity and transparency. In the field of financial and commercial control and confronting improper practices in business activities.



Main Axes

Fifth Axes

Strengthening local and international cooperation and coordination regarding AML/CFT

Objective

local and international coordination

Performance indicators

- Raising Iraq from the European Union's list of high-risk jurisdictions
- Optimal compliance with the FATF 40 recommendations and updates.
- Raising the level of coordination on combating money laundering and terrorist financing through local cooperation and the conclusion of agreements with the relevant authorities.
- signing international MOUs to curb highly profitable cross-border criminal activities through rapid exchange of information.

Output

- Completing the cooperation agreements with in the AML/CFT regime.
- Completing the conclusion of MOUs with counterpart units, in particular signing MOUs with counterpart units in the European Union.
- Exiting the high-risk jurisdiction of the European Commission list.
- To achieve more progress in the field of AML/CFT through direct interaction and access to the latest international resolutions.

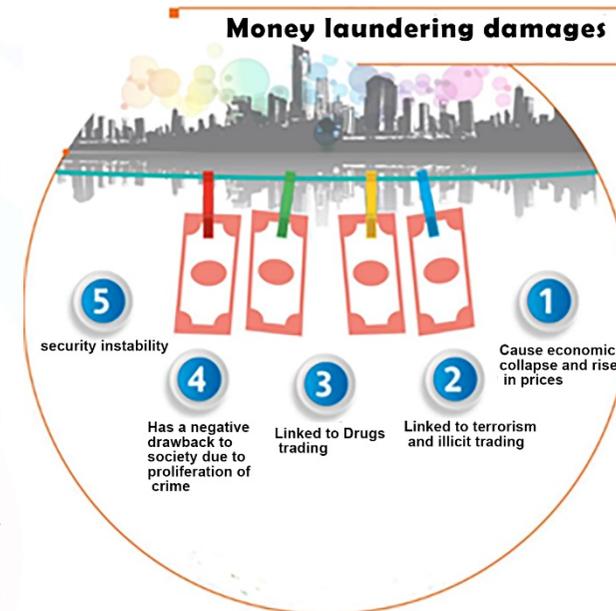


The Sixth Axis:

Spreading Societal Awareness and Culture of Combating Money Laundering and Terrorist Financing

Enhancing understanding and raising awareness of the risks of ML/FT and its methods and means of protection from it at the national level as a whole as individuals, institutions and supervisory authorities, and the importance of cooperating with the anti-money laundering system in this context to protect the financial system and society, as well as the need to comply with laws and implement the requirements of relevant legislation and decisions, is considered One of the issues of high importance is that creating a society that is aware of the risks of ML/FT greatly facilitates the work of the system and contributes to enhancing security and financial stability at the national level.

Accordingly, action plans are prepared and implemented to raise awareness, whether through the media, direct communication, or by issuing guides, holding workshops and providing information that shows the measures that institutions must take to comply with the requirements of the law, which is available on the website of the AML/CFT office. During the first national strategy, our efforts focused on raising awareness through the issuance of legislation, controls and guidelines that regulate the work of these sectors, which enhances the ability of the regulatory authorities to analyse and assess risks and take the necessary actions and measures based on them.





Main Axes

Sixth axes

Spreading societal awareness and culture of AML/CFT

Objective

- Educating the community about the risks of ML/TF.
- Enhancing social responsibility and the importance of reporting suspected ML/TF.
- Protecting the public from falling victim to suspicious acts.
- Informing the public about the legal penalties for the perpetrators of these crimes, directly or indirectly.

Performance indicators

- Holding workshops and educational lectures in universities, institutes and syndicate.
- Holding scientific conferences and symposia to identify new ideas and applications and the possibility of benefiting from them on the one hand, and measuring the level of scientific, technical and cultural awareness of the issues of combating money laundering and terrorist financing.
- Information and educational campaigns through various media and social media.
- Issuing brochures identifying the risks of money laundering and terrorist financing.
- Encouraging various institutions and authorities to designate an advertising space to clarify the risks of money laundering and terrorist financing on their websites.

Output

A society aware of the risks of money laundering and terrorist financing, effective institutions in confronting the crime of money laundering and terrorist financing, and cooperation from all sectors and members of society to report suspected cases and communicate with the Anti-Money Laundering and Terrorist Financing Office.



Conclusion

The strategy has been prepared in order to be flexible enough to allow the modification or addition of any of its executive procedures or performance indicators to be consistent with the desired results, or that are monitored in practice through analysis, studies and follow-up, as well as surveys that will be taken into account in private opinion reviews. Only with the issuance of the legislation contained in the strategy or its amendments, but the strategy' s work will extend to issuing new legislation as required and following up the necessary procedures for the entry into force of those legislation in accordance with a follow-up mechanism that will be pursued by the anti-money laundering and terrorist financing system in Iraq to prevent and combat money laundering and terrorist financing crimes with the support and backing of relevant authorities the whole relationship.

Here, we are pleased to extend our heartfelt thanks to everyone who contributed and participated in completing the preparation of the strategy and reviewing the final draft of it to come out consistent with international standards and in a decent manner consistent with the status of the Republic of Iraq.