

EAG

KYRGYZ REPUBLIC: 4TH ENHANCED FOLLOW-UP REPORT (WITH RE-RATING)

November 2022



I. INTRODUCTION

1. The Mutual Evaluation Report of the Kyrgyz Republic (“the MER”) was approved at the 28th EAG Plenary Meeting in May 2018. The 1st Follow-Up Report of the Kyrgyz Republic (without a request for re-rating) was presented at the 30th EAG Plenary Meeting in May 2019. The 2nd Follow-Up Report of the Kyrgyz Republic (with a request for re-rating) was presented at the 31st EAG Plenary Meeting in November 2019. As a result, ratings on 13 FATF Recommendations were upgraded.
2. The 3rd Follow-Up Report of the Kyrgyz Republic (without a request for re-rating) was presented at the 35th EAG Plenary Meeting in November 2021.
3. This Follow-Up Report analyses the progress the Kyrgyz Republic made in the period from November 2021 to July 2022 in addressing technical compliance deficiencies mentioned in the MER. Re-ratings were made relating to Recommendations for which evidences of significant improvements of the national AML/CFT system had been presented.
4. Also, this report analyses the changes in the national AML/CFT system triggered by the updates to the FATF Recommendations that were adopted after the completion of the on-site visit to the Kyrgyz Republic.

II. FINDINGS OF THE MUTUAL EVALUATION REPORT

5. In accordance with the results of the MER and the 2nd Follow-Up Report, the following technical compliance ratings¹ were assigned to the Kyrgyz Republic for the FATF Recommendations:

Table 1: Technical Compliance Ratings as of November 2019

R. 1	R. 2	R. 3	R. 4	R. 5	R. 6	R. 7	R. 8	R. 9	R. 10
LC	LC	C	LC	LC	C	C	NC	LC	LC
R. 11	R. 12	R. 13	R. 14	R. 15	R. 16	R. 17	R. 18	R. 19	R. 20
LC	LC	LC	LC	LC	LC	LC	LC	LC	LC
R. 21	R. 22	R. 23	R. 24	R. 25	R. 26	R. 27	R. 28	R. 29	R. 30
LC	LC	LC	LC	LC	LC	LC	LC	LC	C
R. 31	R. 32	R. 33	R. 34	R. 35	R. 36	R. 37	R. 38	R. 39	R. 40
LC	LC	LC	LC	LC	LC	LC	LC	LC	LC

6. Taking into account the results of the mutual evaluation, the Kyrgyz Republic was placed in enhanced follow-up by the EAG.
7. The following experts / representatives of the Secretariat analyzed the request of the Kyrgyz Republic for technical compliance re-rating and prepared this Report:
 - Mr. Timur Kurmaniyazov, Director of the Legal Department of the Agency for Regulation and Development of the Financial Market of the Republic of Kazakhstan;
 - Mr. Daniil Burda, Deputy head of international law unit of Legal Department of the Rosfinmonitoring;
 - Mr. Batyr Altyev, Deputy Chairman of the Financial Monitoring Service under the Ministry of Finance and Economy of Turkmenistan;

¹ Possible ratings for the FATF Recommendations: Compliant (C), Largely Compliant (LC), Partially Compliant (PC), Non-Compliant (NC), and Not Applicable (N/A).

- Ms. Nazerke Zhampeiis, Administrator of the EAG Secretariat (coordination from the Secretariat side).
8. Section III of this report analyzes changes of the AML/CFT system to improve technical compliance. Section IV presents a conclusion based on the analysis results and a list of re-rated Recommendations.

III. OVERVIEW OF CHANGES TO IMPROVE TECHNICAL COMPLIANCE

9. This section analyzes changes presented by the Kyrgyz Republic aimed at:
- a) Addressing the technical compliance deficiencies identified in the MER (R.8);
 - b) Ensuring technical compliance with the new requirements of the FATF Recommendations that came into force after the completion of the on-site visit to the Kyrgyz Republic (R.15).

3.1. CHANGES TO ADDRESS TECHNICAL COMPLIANCE DEFICIENCIES IDENTIFIED IN THE MER

10. The Kyrgyz Republic made progress in addressing the deficiencies identified in the MER relating to R.8 rated NC.

Recommendation 8 (NC rating based on the results of the MER and the 2nd FUR)

11. The factors underlying the NC rating were the following:
- not all information sources were used to determine the characteristics and types of NPOs which by virtue of their activities or characteristics are probably at risk of terrorist financing abuse (*Criterion 8.1a*);
 - the country has not identified the nature of threats posed by terrorist organizations to the vulnerable NPOs or how terrorists abuse those NPOs (*Criterion 8.1b*);
 - the country has not analyzed sufficiency of measures, including laws and regulations, applicable to those NPOs that can be misused to support terrorist financing (*Criterion 8.1c*);
 - the NPO sector has not been re-analyzed (*Criterion 8.1d*);
 - no rules have been developed for the NPO sector to prevent the misuse of NPOs for terrorist financing (*Criterion 8.2a*);
 - no educational programs are implemented to raise awareness of NPOs and the donor community about potential vulnerabilities of NPOs (*Criterion 8.2b*);
 - no cooperation with NPOs to develop and improve best practices for addressing terrorist financing risk and vulnerabilities (*Criterion 8.2c*);
 - no cooperation with NPOs to develop methods for encouraging NPOs to carry out transactions via regulated financial channels, where possible (*Criterion 8.2d*);
 - no risk-based supervision or control over the NPOs' activities (*Criterion 8.3*);

- due to the lack of supervision, there is no appropriate system of sanctions for violations committed by NPOs or persons acting on their behalf (*Criterion 8.4*);
 - law enforcement agencies have limited access to financial information (access is possible only in criminal proceedings) (*Criterion 8.5b*);
 - no mechanisms to ensure that (in case of suspicion or reasonable grounds) information is promptly shared with relevant competent authorities in order to take preventive or investigative action (*Criterion 8.5d*).
12. In order to eliminate deficiencies under Criterion 8.1, the Kyrgyz Republic assessed TF risks in the NPO sector and approved the relevant Report. To identify NPOs that fall directly within the FATF definition of NPOs, the Working Group used qualitative and quantitative information (including statistics) on the NPO sector from the competent authorities' database as well as from open sources (*Criterion 8.1a*). The NPO Sector TF Risk Assessment Report has a dedicated section detailing threats that terrorist organizations and terrorists pose to the NPO sector. In addition, typologies of misuse of NPOs for TF purposes by terrorists and terrorist organizations were analyzed (*Criterion 8.1b*). The Kyrgyz Republic analyzed sufficiency of the current regulatory framework regulating activities of NPOs. The NPO Sector TF Risk Assessment Report includes proposals on amending certain legislative acts as related to regulating the activities of religious organizations. However, there is no information on analysis of sufficiency of other measures taken by the competent authorities (*Criterion 8.1c*). The NPO Sector TF Risk Assessment Report approved in July 2022 is a re-assessment of the NPO sector using updated information and data. The legislation of the Kyrgyz Republic contains clear provisions about conducting subsequent risk assessments (*Criterion 8.1d*). All of the above efforts undertaken by the country meet the requirements of Criterion 8.1 and it is rated as met.
13. The Kyrgyz Republic has NPO sector-related regulatory legal framework and state policy which ensures accountability, integrity and public confidence in the administration and management of NPOs (*Criterion 8.2a*). In the period from 2019 to 2022 the competent authorities of the Kyrgyz Republic, in cooperation with international organizations, held workshops aimed at raising awareness of the NPO sector about the NPOs' potential vulnerabilities. At the same time, the competent authorities of Kyrgyzstan have not developed special and educational programs (annual plans to conduct such training) at the time of the preparation of the follow-up report. (*Criterion 8.2b*). As the NPO TF risk assessment was approved in 2022, there are no examples of cooperation of government agencies and the NPO sector in order to develop and subsequently implement best practices for minimizing TF risks, besides a series of workshops held since 2019. In view of the above, the country needs to strengthen its work related to the approval and implementation of methods for minimizing TF risks (*Criterion 8.2c*). In addition, there are no specific instructions (encouragement) for the NPO sector to conduct transactions via regulated financial channels (*Criterion 8.2d*). Thus, the country has made progress in the implementation of Criterion 8.2, but there remains minor deficiency related to Sub-Criteria 8.2b and moderate deficiencies on 8.2c and 8.2d. This criterion 8.2 is rated as partly met.
14. In the Kyrgyz Republic, general supervision over the activities of NPOs is in place. The legislation stipulates requirements for registration of NPOs in the justice agencies, the State Commission on Religious Affairs and tax authorities, obtaining a license (for certain types of activities) and disclosing information in annual financial statements. At the same time, these measures are not sufficient in relation to high-risk NPOs, since no other measures proportional to the identified risks are applied. In this regard, Criterion 8.3 is rated as partly met.

15. At the same time, the Kyrgyz Republic is taking certain steps to prioritize actions, including supervisory measures, and has adopted risk criteria for ranking types of NPOs vulnerable to TF risks (*Criterion 8.4a*). Competent authorities may place various forms and types of liability on NPOs (administrative, criminal, as well as liquidation of an NPO created as a legal entity). However, due to the lack of risk-based approach in supervision, the measures taken are not proportionate to the risk (*Criterion 8.4b*). In view of the above, Criterion 8.4 is rated as mostly met.
16. The requirements of Criteria 8.5b and 8.5d are met. At the same time, due to no facts of TF abuse of NPOs after the approval of the MER, it is impossible to make any conclusions as to sufficiency of experience in conducting investigations of cases NPO abuse for TF purposes.
17. The Kyrgyz Republic has made significant efforts to address most of the deficiencies identified in the MER. However, despite the ability of state authorities to exercise general supervision over the activities of NPOs, the lack of a risk-based approach in relation to NPOs that are most vulnerable to TF has a significant impact on the overall rating for this Recommendation. Taking into the account the weight of these deficiencies, **the R.8 rating is upgraded to PC.**

3.2. AMENDMENTS TO ENSURE COMPLIANCE WITH THE UPDATED RECOMMENDATIONS

18. The Recommendation 15 has been amended or clarified after the approval of the MER/the last Follow-Up Report of the Kyrgyz Republic. This section analyzes compliance of the national AML/CFT system of the Kyrgyz Republic with the updated Recommendations, as well as progress in addressing technical compliance deficiencies identified in the MER in relation to these Recommendations.

Recommendation 15 (LC rating based on the results of the MER)

19. The rating is LC due to the fact that for other types of financial institutions except for banks, the legislation of the Kyrgyz Republic determines no special requirements for assessing ML/TF risks when introducing new and/or providing existing products/services using new technologies, and there is also no requirement on conducting such risk assessment prior to the launch of the new types of services or transactions. These deficiencies have not been eliminated (Criteria 15.1-15.2).

New Requirements of R.15

20. In October 2018, the FATF revised Recommendation 15 introducing new requirements for “virtual assets” (VA) and “virtual asset service providers” (VASPs). In October 2019, the FATF Methodology related to the assessment of Recommendation 15 was amended to reflect amendments to the FATF Standards. Namely, new Criteria 15.3-15.11 were added.
21. In order to implement the new requirements of R.15, the Kyrgyz Republic adopted Law No. 12 “On Virtual Assets” dated January 21, 2022. The list of virtual assets-related services being provided by VASPs stipulated by Article 26 of Law No. 12 corresponds to the types of activities of VASPs specified in the Glossary of the FATF Recommendations. In this regard, the definition of VASP as set out in Article 4 para. (1) sub-para. (12) of Act No. 12 is consistent with the FATF definition.
22. Despite the existence of general legal provisions on assessment and mitigation of ML/TF risks at the country level, there is no proper documented assessment of ML/TF risks associated with virtual assets and

VASPs in the Kyrgyz Republic. At the same time, one of the goals of the adoption of Law No. 12 was to reduce various risks, including ML/TF risks, which is confirmed by the results of regulatory impact analysis conducted in accordance with the requirements of the Law on Regulatory Acts of the Kyrgyz Republic. The obligations of VASPs themselves to identify, assess and understand their ML/TF risks are stipulated in the AML/CFT Law, but there is no confirmation that VASPs should assess their ML/TF risks related to customers, countries, products/services/transactions/delivery channels. Taking into consideration that there is no proper documented assessment of ML/TF risks in relation to virtual assets and VASPs, criterion 15.3 is rated as partly met.

23. According to the provisions of Law No. 12, the activity of a VASP is subject to licensing, and only legal entities registered in the territory of the Kyrgyz Republic can act as VASPs. Persons with an outstanding or unexpunged conviction, including those in other states or included in the Sanctions Lists, or associates of criminals cannot be founders, participants (shareholders), officials of VASPs. However, these requirements are not applicable to beneficial owners of VASPs. The authorized body may apply enforcement measures to the VASP, its founders and officials for violation of the requirements and restrictions established by the Law. At the same time, there is no evidence that compliance with the requirements for clean record of convictions is controlled preventively. In view of the fact that most of the requirements are legally established, criterion 15.4 is rated as mostly met.
24. Operation of a VASP without a license is prohibited by the Law. The legislation of the Kyrgyz Republic stipulates administrative and criminal liability for this offense. Criterion 15.5 is rated as met.
25. The National Bank is the supervisory authority for VASPs, which are banks, non-banking financial and credit institutions licensed by the National Bank. The State Service for Regulation and Supervision of Financial Markets under the Ministry of Economy and Commerce of the Kyrgyz Republic (Gosfinnadzor) makes decisions on registration or denial of registration in the Unified State Register of Cryptocurrency Exchanges of the Kyrgyz Republic. At the time of the assessment, no decision had been taken by the Cabinet of Ministers of the Kyrgyz Republic to identify an authorized body to regulate and supervise the activities of VASPs other than crypto-exchanges, which affects in particular the determination of the authority to impose fines. Law No. 12 does not specify the powers of the supervisory body to carry out inspections of VASPs in particular, for compliance with CFT/ML legislation. Criterion 15.6 is rated as partly met.
26. The Kyrgyz Republic has made significant progress in providing guidance and feedback to FIs (in particular, to banks). However, there is no evidence of availability of guidelines and other documents to assist in the implementation of AML/CFT measures developed for VASPs. Criterion 15.7 is rated as partly met.
27. A VASP, its founders and officials may be subject to various enforcement measures for violation of the AML/CFT legislation. Given the lack of practice in the application of these measures, it is difficult to determine the proportionality and dissuasive effect of the sanctions. Given that the range of measures/sanctions for violation of AML/CFT legislation is quite broad (fines, injunctions, revocation of license) and the possibilities for its application are enshrined at the level of the law, criterion 15.8 is rated as mostly met.
28. The CFT/ML Law classifies VASPs as financial institutions, and in this regard, all the requirements established by the law and relating to R.10-21 apply to VASPs, with the exception of R.16. In this regard, Criterion 15.9 is rated as partly met.
29. Information disclosure mechanisms, reporting obligations, and control over the implementation of targeted financial sanctions (TFS) are fully applicable to VASPs. Based on the results of the 2nd FUR, the Kyrgyz Republic was rated met in relation to TFS, which also is applicable to Criterion 15.10.

30. The Kyrgyz Republic has a legal framework for international cooperation and exchange of information on VASP-related issues. Taking into account that based on the results of the mutual evaluation and the 2nd FUR, the Kyrgyz Republic is rated “LC” for R.37-40, and Criterion 15.11 is rated as mostly met.
31. The Kyrgyz Republic has met or mostly met the requirements of criteria 15.1, 15.2, 15.4, 15.5, 15.8, 15.10 and 15.11 and has partly met the requirements of criteria 15.3, 15.6, 15.7 and 15.9. However, given the weight of the shortcoming associated with the absence of a proper documented risk assessment, the **overall rating on R.15 is downgraded to "PC"**.

3.3. GENERAL FINDINGS RELATED TO PROGRESS ON OTHER RECOMMENDATIONS FOR WHICH THE COUNTRY DOES NOT REQUEST RE-RATING (for information only)

32. In the period from November 2021 to July 2022 the following CFT/ML regulatory legal acts of the Kyrgyz Republic were adopted.

No.	Regulatory Legal Acts	Scope
1.	Law “On Amendments to Law No. 150 of the Kyrgyz Republic ‘On State Registration of Legal Entities, Branches (Representative Offices)’ dated December 10, 2021”	R.6
2.	Tax Code No. 3 dated January 18, 2022 (Articles 64, 141)	R.2
3.	Law No. 12 “On Virtual Assets” dated January 21, 2022	R.15
4.	Law No. 37 “On Ratification of Protocol on Amendments to the Treaty on Combating Legalization (Laundering) of Criminal Proceeds and the Financing of Terrorism Involving Transportation of Currency and (or) Cash (Financial) Instruments across the Border of the Customs Union dated December 19, 2011, signed on July 20, 2021 in the City of Moscow” dated May 30, 2022	R.32, R.40
5.	Law No. 38 “On Ratification of Agreement on Information Exchange in the Field of Combating Legalization (Laundering) of Criminal Proceeds and the Financing of Terrorism Involving Transportation of Currency and (or) Cash (Financial) Instruments across the Border of the Customs Union, signed on July 20, 2021 in the City of Moscow” dated May 30, 2022	R.32, R.40
6.	Law No. 50 “On Gambling in the Kyrgyz Republic” dated June 30, 2022	R.28
7.	Law No. 51 “On Amendments to Certain Legislative Acts on Gambling” dated June 30, 2022	R.35
8.	Law No. 56 “On Amendments to Certain Legislative Acts of the Kyrgyz Republic on Combating Legalization (Laundering) of Criminal Proceeds and the Financing of Terrorism, and Judicial Legal Reform” dated July 4, 2022	R.6, R.19, R.24
9.	Law “On Amendments to Certain Legislative Acts on Virtual Assets”	R.15
10.	Constitutional Law “On the National Bank of the Kyrgyz Republic”	R.27
11.	Law “On Banks and Banking Activity in the Kyrgyz Republic”	R.9, R.18, R.27
12.	Resolution No. 2022-P-14/35-4(PS) of the Board of the National Bank of the Kyrgyz Republic “On Amendments to Resolution No. 2019-P-14/62-5(PS) of the Board of the National Bank of the Kyrgyz Republic ‘On Approval of Rules for Making Payments Using Two-Dimensional Barcode Symbols (QR Code)’ dated December 11, 2019” dated June 2, 2022	R.15

Recommendation 1 (LC rating based on the results of the 2nd FUR)

33. National ML/TF risk assessment (“the NRA”) is being conducted in the Kyrgyz Republic. To increase the level of compliance with R.1, the following work is underway/done:

- Currently, new NRA Methodology is being developed jointly with experts from the Russian Federation FIU (Rosfinmonitoring);
- “Methodological Guideline for Assessing ML/TF Risks for Banks and Payment Service Providers” was developed with technical assistance of the Asian Development Bank. This Guideline is a practical guide for conducting a sectoral risk assessment;
- Employees of the FIU and the supervisory agencies have completed internship at the ITMCFM on the issues of sectoral risk assessment; schemes and mechanisms of implementing risk-based approach in supervisory activities have been studied;
- Draft “Methodological Recommendations for Conducting Sectoral ML/TF Risk Assessment in the Kyrgyz Republic” was developed with technical assistance of the ITMCFM.

Recommendation 2 (LC rating based on the results of the 2nd FUR)

34. The new revision of the Tax Code stipulates the legal basis for cooperation of tax bodies with customs authorities, financial intelligence agencies and internal affairs agencies (Article 141), as well as mechanisms for reducing the volume of the shadow economy and the risks of tax evasion.

Recommendation 6 (C rating based on the results of the 2nd FUR)

35. New legislative regulations have been adopted:

- Which stipulate denial of registration of a legal entity, branch (representative office) if persons included in the Consolidated Sanctions List of the Kyrgyz Republic and the Consolidated Sanctions List of the UN Security Council are detected among the founders and executives of the entity;
- Which state that individuals and legal entities included in the Consolidated Sanctions List of the Kyrgyz Republic and the Consolidated Sanctions List of the UN Security Council cannot have a significant share in the capital of a professional securities market participant and an insurance company.

Recommendation 9 (LC rating based on the results of the MER)

36. A new Law “On Banks and Banking Activity in the Kyrgyz Republic” has been adopted in the Kyrgyz Republic which regulates the procedure for handling information constituting bank secrecy. Subject to Chapter 7 of this Law, information constituting bank secrecy is to be provided to the National Bank, central banks / supervisory authorities of other states, to the court, financial intelligence units, authorized state tax authorities without a court decision. Banks may exchange information constituting bank secrecy on mutually agreed contractual terms. Information constituting bank secrecy is to be provided to law enforcement agencies pursuant to a court order.

Recommendation 10 (LC rating based on the results of the MER)

37. Amendments have been made to the State Financial Intelligence Service (SFIS) Order No. 61/p “On Approving Typical Criteria for High and Low Risks” dated December 24, 2020, which are used by financial institutions and non-financial businesses and professions when classifying their customers (high and low risk).

Recommendation 18 (LC rating based on the results of the MER)

38. Subject to Article 56 of the Law “On Banks and Banking Activities of the Kyrgyz Republic”, banks and other entities supervised by the National Bank are required to comply with the CFT/ML legislation of the Kyrgyz Republic. Subject to Article 62, Part 7 of the Law “On Banks and Banking Activities of the Kyrgyz Republic”, the external auditor of a bank shall inform the Board, the Board of Directors of the bank and the National Bank if he/she discloses fraud or a fraudulent scheme or identifies transactions with characteristics of ML/FT transaction within one business day from such detection/identification.

Recommendation 19 (LC rating based on the results of the MER)

39. Amendments have been made to the Laws “On the Organization of Insurance in the Kyrgyz Republic” and “On the Securities Market” to include the provision that a significant share in the capital of a professional securities market participant and an insurance company cannot be held by individuals and legal entities residing and/or registered in the territory of high-risk countries or having participants-affiliated persons registered in high-risk countries.

Recommendation 24 (LC rating based on the results of the 2nd FUR)

40. On June 17, 2022 Law “On Amendments to Law No. 150 of the Kyrgyz Republic ‘On State Registration of Legal Entities, Branches (Representative Offices)’ dated December 10, 2021” entered into force. It stipulates a simplified registration mechanism for termination of operations of a legal entity. Subject to Law No. 56 “On Amendments to Certain Legislative Acts of the Kyrgyz Republic on Combating Legalization (Laundering) of Criminal Proceeds and the Financing of Terrorism, and Judicial Legal Reform” dated July 4, 2022, an amendment was made to Article 47 of the Civil Code to exclude the concept “bearer shares”. All equity securities on the territory of the Kyrgyz Republic are issued in the form of registered securities, the rights to which are certified by an entry on an account in the register of securities holders or an entry on a securities account with a depository.

Recommendation 27 (LC rating based on the results of the MER)

41. A new Constitutional Law “On the National Bank of the Kyrgyz Republic” has been adopted in the Kyrgyz Republic which determines the legal status, objectives and procedures, functions and powers, as well as guarantees of independence of the National Bank of the Kyrgyz Republic. Subject to Article 40, Part 3 of Constitutional Law “On the National Bank of the Kyrgyz Republic” and Article 73, Part 1 of Law “On Banks and Banking Activities of the Kyrgyz Republic”, the National Bank exercises supervision and determines standards of regulation and supervision of banks, banking groups, non-banking financial and credit institutions and other legal entities supervised by the National Bank, including payment institutions and payment processors, in accordance with the CFT/ML legislation.
42. Subject to Article 77, Part 2, Clause 5 of the Law “On Banks and Banking Activities of the Kyrgyz Republic”, bank’s compliance with the banking regulations and the CFT/ML legislation is to be assessed as part of an audit. Subject to Article 85 of the Law “On Banks and Banking Activities of the Kyrgyz Republic”, the grounds for applying enforcement measures are violations of the regulations, requirements and restrictions established by this Law, banking legislation, and the CFT/ML legislation.

Recommendation 28 (LC rating based on the results of the 2nd FUR)

43. Subject to Law No. 50 “On Gambling in the Kyrgyz Republic” dated June 30, 2022, operation of gambling facilities is allowed on the territory of the Kyrgyz Republic. This Law also determines the procedure for the creation and operation of gambling facilities, the organization of games of chance and their licensing,

state regulation and control over gambling activities. Activities of gambling operators related to preventing, detecting and disrupting TF/ML-related acts are carried out in accordance with the CFT/ML Law.

Recommendations 32 and 40 (LC rating based on the results of the MER)

44. Subject to Law No. 37 dated May 30, 2022, Protocol on Amendments to the Treaty on Combating Legalization (Laundering) of Criminal Proceeds and the Financing of Terrorism Involving Transportation of Currency and (or) Cash (Financial) Instruments across the Border of the Customs Union dated December 19, 2011, signed on July 20, 2021 in the City of Moscow, has been ratified.
45. This Protocol determines the powers of the customs authorities of the Member States of the Eurasian Economic Union to take CFT/ML measures when currency and (or) cash (financial) instruments are moved across the customs border of the Union, as well as to control the movement of currency and (or) cash (financial) instruments using information declared in the passenger customs declaration or goods customs declaration.

46. Subject to Law No. 38 dated May 30, 2022, Agreement on Information Exchange in the Field of Combating Legalization (Laundering) of Criminal Proceeds and the Financing of Terrorism Involving Transportation of Currency and (or) Cash (Financial) Instruments across the Border of the Customs Union, signed on July 20, 2021 in the City of Moscow has been ratified. This Agreement determines mechanisms for cooperation and information exchange for the purposes of CFT/ML when currency and (or) cash (financial) instruments are moved across the customs border of the Eurasian Economic Union.

Recommendation 35 (LC rating based on the results of the MER)

47. Subject to Law No. 51 “On Amendments to Certain Legislative Acts on Gambling” dated June 30, 2022, amendments have been made to the Code of Offenses and the Tax Code, which determine liability of gambling operators and gambling taxation procedure.

IV. CONCLUSION

48. The Kyrgyz Republic has made significant progress in addressing technical compliance deficiencies identified in the MER. As a result, the following Recommendation has been re-rated:
 - R.8 rating upgraded from “NC” to “PC”.
49. With regard to the Recommendations that have been amended after the on-site visit, Kyrgyzstan has largely implemented the new requirements of R.15. There remain deficiencies mentioned in the MER and there are deficiencies under the new requirements, hence, the rating for R.15 is downgraded from “LC” to “PC”.
50. The Kyrgyz Republic has carried out:
 - Work to address some of the deficiencies identified during mutual evaluation and related to R.9 and R.24, for which “LC” ratings have been assigned;
 - Additional work to strengthen CFT/ML legal instruments in relation to R.1, 2, 6, 10, 18, 19, 27, 28, 32, 35, 40, for which “LC” and “C” ratings have been assigned. However, the country does not request re-rating for these Recommendations.

51. Taking into account the progress of the Kyrgyz Republic in enhancing the national AML/CFT system after the approval of the MER, the ratings for technical compliance with the FATF Recommendations have been changed as follows (the changed ratings are **in bold and orange**):

R. 1	R. 2	R. 3	R. 4	R. 5	R. 6	R. 7	R. 8	R. 9	R. 10
LC	LC	C	LC	LC	C	C	PC	LC	LC
R. 11	R. 12	R. 13	R. 14	R. 15	R. 16	R. 17	R. 18	R. 19	R. 20
LC	LC	LC	LC	PC	LC	LC	LC	LC	LC
R. 21	R. 22	R. 23	R. 24	R. 25	R. 26	R. 27	R. 28	R. 29	R. 30
LC	LC	LC	LC	LC	LC	LC	LC	LC	C
R. 31	R. 32	R. 33	R. 34	R. 35	R. 36	R. 37	R. 38	R. 39	R. 40
LC	LC	LC	LC	LC	LC	LC	LC	LC	LC

52. The Kyrgyz Republic will remain in enhanced follow-up and will continue reporting back to the EAG on further progress in enhancing the national AML/CFT system.