Informing on the results of the State Financial Monitoring Service of Ukraine work for 2022

The State Financial Monitoring Service of Ukraine, as the financial intelligence unit of Ukraine, in wartime takes enhanced practical and organizational measures to counteract to legalization (laundering) of the proceeds from crime, financing of terrorism and financing of proliferation of the weapons of mass destruction, which are based on the implementation of:


- the Main Directions of the Development of the Prevention and Counteraction to Legalization (Laundering) of the Proceeds of Crime, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction System in Ukraine for up to 2023 and Action Plan for Their Implementation (Regulation of the CMU of 12.05.2021 No. 435-r);

- the Action Plan on Improvement of the National Financial Monitoring System following the Results of the MONEYVAL's 5th Round Mutual Evaluation of Ukraine;

- the SFMS Strategic Development Programme for up to 2024;

- the SFMS Activity Priorities for the period of Martial Law, approved by the Ministry of Finance of Ukraine.

This work is carried out in coordination with national and international partners in terms of taking effective practical steps, including those of an international legal nature, in order to impose effective sanctions on the actions of terrorist country.

Collecting and processing information

During 2022, the SFMS has registered 1 179 392 reports on financial transactions subject to financial monitoring received from the reporting entities, of which:

- 52 123 reports on suspicious financial transactions (activity);

- 1 117 829 reports on threshold transactions;
- 194 reports on threshold and suspicious transactions (activity);
- 9,246 reports on a request for tracking financial transactions.

Of the indicated total number of reports, during the wartime period (during 24.02.2022 - 30.12.2022), the SFMS has registered 928,471 reports on financial transactions subject to financial monitoring received from the reporting entities, of which:

- 43,953 reports on suspicious financial transactions (activity);
- 875,208 reports on threshold transactions;
- 147 reports on threshold and suspicious transactions;
- 9,163 reports on a request for tracking financial transactions.

Analytical research

During 2022, the SFMS has sent 934 referrals to law enforcement agencies (550 case referrals and 384 additional case referrals), in particular to:

- the Security Service of Ukraine – 339 referrals (219 case referrals and 120 additional case referrals);
- the National police bodies – 191 referrals (147 case referrals and 44 additional case referrals);
- the Economic Security Bureau of Ukraine – 125 referrals (90 case referrals and 35 additional case referrals);
- the Prosecutor’s office – 109 referrals (35 case referrals and 74 additional case referrals);
- the National Anti-Corruption Bureau of Ukraine – 96 referrals (24 case referrals and 72 additional case referrals);
- the State Bureau of Investigation – 73 referrals (34 case referrals and 39 additional case referrals);
- Intelligence authorities – 1 case referral.

In these referrals, the amount of financial transactions that may be related to legalization of the proceeds and commission of a criminal offense is\textbf{ UAH 75.7 billion}.

For 2022, the total amount of financial transactions suspended by the SFMS and funds blocked is \textbf{UAH 7.7 billion}.

Currently, the main activity of the SFMS is the detection of financial transactions and persons associated with the financing of terrorism/separatism and military aggression by the Russian Federation (RF) and the Republic of Belarus (RB) against Ukraine (including the activities of sabotage and reconnaissance groups; collaborative activities; public calls to change or overthrow the constitutional system or to change the boundaries of the
territory or the state border of Ukraine; persons to whom sanctions have been applied).

In total, in 2022, the SFMS has sent 342 referrals to law enforcement agencies (226 case referrals and 116 additional case referrals), in particular:

- 198 referrals (152 case referrals and 46 additional case referrals) regarding financial transactions of persons that may be associated with military aggression by the RF and the RB against Ukraine and collaborative activities;

- 88 referrals (34 case referrals and 54 additional case referrals) regarding individuals included in the annexes to the decisions of the National Security and Defense Council of Ukraine, entered into force by the Decrees of the President of Ukraine;

- 56 referrals (40 case referrals and 16 additional case referrals) regarding other financial transactions of persons related to terrorism/separatism/sanctions.

In the framework of international cooperation on the exchange of information, as well as the identification and blocking/freezing of assets belonging to individuals, who organize, ensure and provoke waging of the aggressive war by the RF against Ukraine, and other persons, the SFMS carries out constant analytical work, within the framework of which, in particular, 658 requests have been sent to 147 financial intelligence units of foreign countries. Joint analytical studies are ongoing.

In addition, the SFMS’s representative participates in the operational group “Task Force” in the direction of identifying and seizing assets belonging to persons who organize, ensure and provoke waging of the aggressive war by the RF against Ukraine, both on the territory of Ukraine and abroad, for the purpose of their subsequent transfer to the state budget of Ukraine for the reconstruction of its destroyed infrastructure.

Financial investigations in the facts of laundering of proceeds from corruption, embezzlement and misappropriation of public funds and property are not left out of the SFMS's attention.

Thus, in 2022, the SFMS has sent 121 referrals (25 case referrals and 96 additional case referrals) to law enforcement agencies, related to suspicion of corruption, in particular to:

- the National Anti-Corruption Bureau of Ukraine – 96 referrals (24 case referrals and 72 additional case referrals);

- the Security Services of Ukraine – 17 additional case referrals;

- the State Bureau of Investigation – 7 additional case referrals;


In these referrals, the amount of financial transactions that may be related to legalization of the proceeds and commission of a criminal offense is UAH 6.4 billion.

Cooperation with the financial monitoring entities and the public

In the framework of cooperation with the private sector, the SFMS, from February 15, 2022, has been testing the exchange of information with the reporting entities by means of the Information and Telecommunication System “The Financial Monitoring System Electronic Cabinet” (e-cabinet), implemented with the support of the EU Anti-Corruption Initiative in Ukraine (EUACI) project.
In this regard, with the assistance of the EUACI project, step-by-step video instructions for work in the e-cabinet have been developed and posted on the official website of the SFMS, with the links to the SFMS’s page in the social network YouTube.

At this time, testing by external users of the ITS software "e-cabinet FMS" continues to ensure the processing reporting entities’ information and improve the logical control of incoming reports from the reporting entities when processed by the FMIS software in accordance with the requirements of the Order of the Ministry of Finance of Ukraine of 04.06.2021 No. 322.

In terms of cooperation with the state financial monitoring entities, an appeal has been sent to each state regulator to strengthen the supervision over the reporting entities regarding their application of a risk-oriented approach and risk indicators to RF-related customers.

In May 2022, the updated Recommendations on the implementation of the requirements of the legislation in the field of financial monitoring for the period of martial law were prepared and brought to the attention of the reporting entities, in particular in terms of identifying suspicious financial transactions related to the aggressor country, as well as risk indicators of transactions and RF and RB-related customers were sent for use in the work.

At the same time, in October 2022, the SFMS published an explanation on the official website regarding the submission of information on discrepancies in information on ultimate beneficial owners and information on refusal to establish (maintain) business relations.

In addition, in November 2022, the reporting entities were informed about the update of recommendations regarding the submission of information on financial transactions after the entry into force of the Law of Ukraine No. 2736-IX “On Amendments to Certain Laws of Ukraine Regarding the Protection of the Financial System of Ukraine from of the actions of the state carrying out armed aggression against Ukraine, and the adaptation of Ukrainian legislation to certain standards of the Financial Action Task Force (FATF) and the requirements of the EU Directive 2018/843”.

On April 7, 2022, upon the SFMS initiative, the Order No. 113 of the Ministry of Finance of Ukraine “On Amending Clause 4 of the Order No. 322 of the Ministry of Finance of Ukraine of June 4, 2021“ was approved, which was registered with the Ministry of Justice of Ukraine on April 22, 2022 No. 443/37779, according to which the effective date of the Order of the Ministry of Finance of Ukraine of 04.06.2021 No. 322 (hereinafter referred to as – the Order of the Ministry of Finance No. 322) has been postponed from May 1, 2022 to the first Monday of the fourth month after the termination or cancellation of martial law.

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In order to inform the participants of the financial monitoring system and the public, the materials of the public report of the Head of the State Financial Monitoring Service of Ukraine for 2021 and the typological study of the SFMS for 2021 have been published on the official website of the SFMS.

At the same time, at the end of 2022, the SFMS prepared a typological study: «Financing of terrorism and obtaining criminal proceeds from the commission of other crimes in conditions of military aggression of the Russian Federation”.

On June 30, 2022, the SFMS organized the thirteenth meeting of the AML/CFT Council.

Measures to prevent and counteract to legalization (laundering) of proceeds of crime, financing of terrorism, and financing of proliferation of weapons of mass destruction under martial law were discussed at the meeting.

On December 29, 2022, the SFMS, in the format of a video conference, held the fourteenth meeting of the AML/CFT Council, where the AML/CFT National Risk Assessment Report was presented and approved, as well as a number of other issues was also considered.
During the period of martial law, the SFMS provides focused cooperation with the public. Thus, on September 27, 2022, with the assistance of the Service, the third meeting of the Public Council under the SFMS was held.

During the meeting, the SFMS's representatives informed those present about the SFMS's implementation in 2022 of the state policy in the field of prevention and counteraction to legalization (laundering) of proceeds from crime, financing of terrorism and financing of proliferation of weapons of mass destruction during martial law, other relevant issues were discussed as well.

At the same time, within the framework of the methodical work, the SFMS, with the assistance of the OSCE Project Coordinator in Ukraine, has prepared the publication “Review of the Legislation Regulating Virtual Assets”.

The publication reviews the legislation comprehensively regulating the sphere of virtual assets turnover, including prevention and counteraction to money legalization (laundering), financing of terrorism and financing of proliferation of weapons of mass destruction in twenty-four countries of the world.

At the same time, the news agencies Bloomberg and The Washington Post published an article by the Head of the SFMS, Igor Cherkaskyi, “It's Time to Sanction Russia as the Terrorist State It's Become”.

In the specified article, the Head of the SFMS informed the world community in detail about the risks and threats caused by the aggression and terror of the RF against peaceful Ukraine.

International events

Cooperation with the Financial Action Task Force (FATF)

During 2022, there was a constant exchange of information between the SFMS and the FATF regarding the situation in Ukraine related to the full-scale invasion of the RF. In particular, the SFMS has sent a number of appeals to the FATF regarding the exclusion of the RF from the FATF and the inclusion of the RF and the RB in the FATF blacklist.

The SFMS's representatives took part (virtually) in the ICRG meeting and the FATF Plenary meeting, which were held in Berlin, Germany (June 6-7 and 12 – 17, in a hybrid format).

According to the results of the Plenary meeting, the FATF published a Public Statement and significantly limited the rights and powers of the RF as a FATF member.

The SFMS's representative also took part in the ICRG meetings and the FATF Plenary meeting, which were held in Paris, the French Republic (October 18-21). At the mentioned meetings, the argumentation of Ukraine's position regarding the further imposing of sanctions on the RF was being consistently continued.

As a result of consideration of the RF membership issue, the FATF adopted a relevant Statement, which is posted on the FATF official website.

In December 2022, the Head of the SFMS issued a Public appeal to the FATF with the aim of adding the RF to the “black list” and depriving it of its membership in this organization. This appeal, in particular, states that the NATO Parliamentary Assembly called for strengthening the work of the FATF in combating the financing of terrorism, and the European Parliament recognized the RF as a state sponsor of terrorism and a state that uses means of terrorism.

The work of the SFMS and partners in this direction continues.
Cooperation with the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL)

During the reporting period, there was a constant exchange of information between the SFMS and the MONEYVAL regarding the situation in Ukraine related to the full-scale invasion of the RF.

On March 16, 2022, the Council of Europe Committee adopted a decision to exclude the RF from the Council of Europe and, accordingly, from the MONEYVAL, a working body of the Council of Europe. Under such conditions, the RF is deprived of the right and opportunity to influence anti-legalization measures within the Council of Europe.

The SFMS’s representatives took part in the meeting of the MONEYVAL Working Group on Evaluations and the 63rd Plenary meeting held in Strasbourg, French Republic (May 16-20, in a hybrid format).

The issue on measures taken by our state to comply with the Procedures related to the implementation of the voluntary tax compliance programmes was planned to be considered during this Plenary meeting, but this issue was postponed in connection with the introduction of martial law in Ukraine.

The mentioned Plenary meeting was the first meeting after the exclusion of the RF from the Council of Europe and the MONEYVAL and, accordingly, was held without the participation of the RF.

During December 5-9, 2022, the SFMS’s representatives took part in the meetings of the MONEYVAL Working Group on Evaluations and the 64th Plenary meeting.

At the mentioned Plenary meeting, information on the operation of the national AML/CFT system in the conditions of the aggressive war of the RF against Ukraine was presented, and Ukraine confirmed compliance with all international obligations in the field of financial monitoring taking into account the objective circumstances of the functioning of the anti-legalization system.

Also, in the reporting period, an official letter was received from the MONEYVAL Secretariat on the suspension of the process of reporting on Ukraine’s AML/CFT progress following the results of the MONEYVAL’s 5th round mutual evaluation until the situation in Ukraine returns to normal.

Cooperation with the Egmont Group of Financial Intelligence Units

Following the results of international cooperation of the SFMS, the Egmont Group Chair recognized the contribution of the FIU of Ukraine to the activities of the Egmont Group, for which the SFMS received a relevant award in 2022.

During 2022, the SFMS has repeatedly communicated with the management and the Secretariat of the Egmont Group of Financial Intelligence Units regarding the situation in Ukraine related to the full-scale invasion of the RF.

The Egmont Group Chair issued an official Public Statement in connection with the military aggression against Ukraine condemning the RF actions.

On the SFMS initiative, in cooperation with a significant number of foreign financial intelligence units, the work has been intensified in the direction of analysis and investigation of crimes involving the use of virtual assets with the participation of individuals and legal entities from the RF, as well as their collaborators and related persons.

Within the activities of the 28th Plenary meeting of the Egmont Group (July 10-15, Riga, Republic of Latvia), during an operational training session, the SFMS, together with a representative of the FATF and the FIU of
Belgium, presented key results and practical solutions regarding global and national asset recovery measures. It is worth noting that the FIU of Ukraine acted as one of the leaders of the Egmont Group project “Asset recovery – the Role of FIUs”, together with the FIU of Belgium. During the presentation, it was emphasized the importance of the coordination and cooperation for the effective asset recovery to prevent and counteract to criminal activity. Currently, this issue is particularly important in the context of the fight against the Russian terrorist war against Ukraine.

In addition, the SFMS’s representatives took part in the Egmont Group meetings, in particular in the meetings of the Working groups, the EUROPE II Regional Group and the Plenary meeting.

Also, within the framework of the 28th Plenary meeting of the Egmont Group, the Head of the SFMS, Igor Cherkaskyi and the Director of the FIU of Luxembourg Max Braun concluded a Memorandum of Understanding on cooperation in the exchange of financial intelligence related to money laundering, associated predicate offences and terrorism financing.

The key objective of the Memorandum is to strengthen and simplify the exchange of financial intelligence between Ukraine and Luxembourg.

On December 13, 2022, a virtual meeting of the Egmont Group’s governing body was held, as a result of which a consensus has been reached on the Egmont Group’s public reaction on the war of the RF against Ukraine and recognition of the risks posed by the aggression to the FIUs community.

On December 15, 2022, the Egmont Group Chair issued a Statement where she expressed deep concern due to the devastating effects of the current Russian military aggression against Ukraine and the negative impact on the State Financial Monitoring Service of Ukraine (FIU of Ukraine).

Based on the prerogative of protecting the interests, goals and tasks of the Egmont Group, the FIU of the RF is limited in its membership rights, including deprived of the right to hold managerial, advisory and representative positions, hold meetings and participate in projects.

The SFMS continues to communicate with the Egmont Group on this issue.

Practical international steps of financial intelligence

The SFMS maintains daily working contacts with the foreign financial intelligence units and the relevant financial regulators on the exchange of intelligence information, as well as on strengthening of the financial supervision of businesses with ties to the RF.

This activity is aimed at the prevention of the spread of international terrorism, including blocking of financial transactions, freezing of assets and their subsequent confiscation.

In April 2022, the SFMS sent an appeal to the Asia-Pacific Anti-Money Laundering Group (APG) to deprive the RF of observer status in this international organization, which was satisfied at the Plenary meeting held on July 26-28, 2022 in Kuala Lumpur, Malaysia.

Together with the team of the Ministry of Digital Transformation, as well as with the key crypto experts of Ukraine, the work has been carried out to identify the list of Russian crypto exchangers associated with the banks under sanctions (Sberbank and others), in order to completely block their hosting.

Also, in close cooperation with the crypto-providers of Ukraine and the world, a mechanism of spontaneous blocking of crypto-wallets of the RF has been launched.

In this regard, the SFMS has sent an appeal to the Binance cryptocurrency exchange with the specific
proposals for actions to deter the RF's aggression in the virtual assets market, as a result of consideration of which Binance has changed its policy and on March 20, 2022, ruled out P2P transactions for a number of Russian banks and payment systems, which were included in the sanctions list. Moreover, other practical measures regarding blocking Russian crypto assets and transactions of Russian residents have been implemented.

In addition, during 2022, the SFMS initiated and ensured cooperation with the financial sector regulatory authorities of almost 140 countries to strengthen the implementation of financial supervision measures in relation to individuals of the RF.

In connection with the aggressive war against Ukraine, the SFMS has severed bilateral ties with the Federal Financial Monitoring Service of the RF and the Department of Financial Monitoring of the State Control Committee of the RB.

At the same time, with the assistance of the OSCE and the United Nations Office on Drugs and Crime (UNODC), from November 10 to 11 and from December 5 to 7, 2022 in the city of Vienna (Republic of Austria), the SFMS's representatives took part in the events organized as part of the off-budget project “Innovative policy solutions to mitigate money laundering risks of virtual assets”. The main purpose of the events was to present the above-mentioned Project, as well as to discuss the current state of the problem of money laundering through virtual assets.

The project will be implemented during 2022-2024 in Ukraine, Georgia and Moldova - countries with a steadily growing market of virtual assets and an aggressively growing sector of illegal cryptocurrency mining.

Also, in December 2022, the SFMS held a meeting with the UNODC representatives, during which the sustaining of the international technical assistance from the UNODC to improve the national AML/CFT system was discussed.