

WHAT ARE THE OBLIGATIONS OF NON-PROFIT LEGAL ENTITIES UNDER THE NEW ANTI-MONEY LAUNDERING MEASURES ACT

The new Anti-Money Laundering Measures Act, which transposes Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, was promulgated on 27 March 2018. Who will be obliged to what and when – read the main guidelines below:

GENERAL OBLIGATION FOR ALL LEGAL ENTITIES – DECLARING THE BENEFICIAL OWNER

All legal entities, including NGOs, shall declare the natural persons who are their beneficial owners, as well as data regarding the rights they hold. NGOs will fulfill this obligation by declaring it to the Registry Agency which will ensure the technical preparation for the register by 1 October 2018. The time limit for declaring the beneficial owner of an NGO will be 4 months from 1 October 2018 or the date of re-registration (in the event the NGO has not re-registered by 1 Oct 2018).

MEASURES CONCERNING ALL NGOs

In order to observe the Law, all NGOs shall take **appropriate measures for monitoring the operations and transactions they undertake**. All NGOs shall be obliged to **provide their staff with introductory and ongoing training on the requirements laid down in the Law**, including by means of training programs focused on recognizing suspicious operations, transactions, clients, and taking the necessary actions in the event of suspicions of money laundering.

ONGOING AND ENHANCED MONITORING OF COMPLICATED AND UNUSUALLY HIGH-VALUE TRANSACTIONS

All NGOs shall assess transactions and operations: 1) which are complicated or whose value is unusually high for the NGO's activity (the Law does not set out a specific definition of "complicated" and "unusually high value"); 2) which do not pursue an obvious economic or legal aim that can be established on the basis of the information the NGO has about the relevant person; 3) which do not conform to the information available about the person. In the event of transactions falling within the scope of any of the above points, the NGO shall gather more information regarding the nature and value of the transaction, and the extent to which it is in line with the usual business of the person, as well as data about that person.

NOTIFYING THE STATE AGENCY FOR NATIONAL SECURITY (SANS) IN CASES OF SUSPICION OF MONEY LAUNDERING

All NGOs shall notify the Financial Intelligence Directorate of SANS in case they have suspicious and/or have gained knowledge of money laundering and/or the existence of criminal proceeds in their operations. This must be done without any delay: if possible, prior to carrying out the relevant operation or transaction, or, if not possible, right after carrying out the operation or transaction. In addition, NGOs should be aware that when they gain knowledge of money laundering or the existence of criminal proceeds, they are obliged to also report to the competent authorities pursuant to the Criminal Procedural Code, the Ministry of Interior Act, and the State Agency for National Security Act.

NOTIFYING SANS IN CASES OF CASH PAYMENT EXCEEDING BGN 30,000

All NGOs shall be obliged to notify the Financial Intelligence Directorate of SANS of any cash payment which they receive or make in an amount above BGN 30,000 or the foreign currency equivalent thereof (15 000 EUR).

MEASURES CONCERNING NGOs WITH AN ANNUAL TURNOVER OF OVER BGN 20,000, or WHICH PERCEIVE A RISK OF THEIR ACTIVITY BEING USED FOR MONEY LAUNDERING OR TERRORIST FINANCING:

MAKING A RISK ASSESSMENT

The criteria to be used by NGOs for making a risk assessment shall be developed and published by SANS. (The time limit, the procedure and the additional requirements for risk assessment will be laid down in the Implementing Regulation of the Law, which shall be adopted within 5 months following the entry into force of the Law).

The risk assessment will serve as a tool for NGOs to define the entity's risk profile and their business relations with it. Based on the assessment outcome, NGOs will apply measures in conformity with the risk level established, for example: identification of donors and beneficiaries; bank payments, etc. Risk assessment will be regularly updated.

INTRODUCTION OF INTERNAL RULES FOR CONTROL AND PREVENTION OF MONEY LAUNDERING

The Financial Intelligence Directorate of SANS shall develop sample internal rules which will be published on their website, and NGOs will supplement them with the results from their own risk assessment.

TIME LIMITS:

- Where the NGO's annual turnover exceeds BGN 20,000, the deadline for the development and adoption of its internal rules shall be **31 July of the year following the year for which its annual turnover exceeded BGN 20,000**.
- Where the NGO's annual turnover does not exceed BGN 20,000, but it decides to carry out a risk assessment, the deadline for the adoption of the internal rules shall be **one month as of making its own risk assessment**.
- **Within 14 days from the adoption of the internal rules**, the NGO shall submit a notification to the Financial Intelligence Directorate of SANS whereby it also indicates the officer in charge of the observance and control of the NGO's obligations under the Law.

SPECIALIZED OFFICER/S FOR INTERNAL CONTROL

NGOs shall ensure internal control over the implementation of their obligations under the Law and the Implementing Regulation. The control body can include the persons governing and representing the NGO or individuals designated thereby by means of a written act, who have a management position within the organization. The information about the officer in charge of the internal control over the NGO's obligations under the Law shall be submitted to SANS, and shall be updated within 7 days in the event of any change.

