



REPUBLIC OF TURKEY
MINISTRY OF FINANCE
FINANCIAL CRIMES INVESTIGATION BOARD



MASAK
ACTIVITY REPORT 2013

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STATEMENT BY HEAD OF MASAK

MASAK (Financial Crimes Investigation Board) continued its activities intensively in 2013 as well in combating laundering proceeds of crime and financing of terrorism; analysis, evaluation and referral of data to relevant units obtained in relation to offences of laundering proceeds of crime and financing of terrorism that are main functions of a financial intelligence unit; regulation and coordination; laundering offence investigations, supervision of obligations; training obliged parties and law enforcement units and informing them.

This intensity started at the beginning of 2013 with a panel held jointly with Gazi University Faculty of Economics and Administrative Sciences and MASAK on “Offence Economy, Combating Methods and Assessment of Turkey” on 09.01.2013. An extensive participation was provided by a wide group and representatives of various institutions and organizations and Minister of Finance Mehmet ŞİMŞEK, Minister of Interior İdris Naim ŞAHİN and Minister of Customs and Trade Hayati YAZICI. The panel was also shared with the public as MASAK publication No.22 with the title “Offence Economy, Combating Methods and Assessment of Turkey”.

Training activities for the purpose of enhancing awareness and effectiveness of employees of obliged parties on obligations known as “preventive measures” in fighting against money laundering and financing of terrorism and in implementing these measures remained in 2013.

Within this scope, workshops were held for supervision groups such as Ministry of Customs and Trade, Banking Regulation and Supervision Agency, Turkish Tax Inspection Board, Capital Markets Board, Board of Treasury Controllers, for obliged parties such as The Banks Association of Turkey, Insurance Association of Turkey and The Financial Leasing, Factoring and Financing Companies Association in 2013. Additionally, 1804 persons were participated to 39 training activities performed for obliged parties and relevant law enforcement units on combating laundering proceeds of crime and the financing of terrorism in 2013.

As a result of training activities and workshops, the number of financial institutions besides banks sending suspicious transaction report increased to 124 in 2013 compared to 108 in 2012 and compared to 91 in 2011 and also the number of suspicious transaction reports received from financial institutions besides banks increased to 2479 in 2013 compared to 1.450 in 2012 and compared to 585 in 2011.

The number of suspicious transaction reports increased to 25.592 in 2013 compared to 15.318 in 2012. Application of suspicious transaction reporting in electronic environment was started first in banking sector and 99.9 % out of 22.086 total suspicious transaction report received from banking sector was sent through electronic environment.

Main reason of the dramatic increase in suspicious transaction reports is the application of new “electronic suspicious transaction reporting” system installed in 2012. This development also continued in 2013. That reporting in electronic environment is secure, fast and easy way contributes the increase of number of reports in banking sector.

At the present time e-government is defined as maximum usage of information and communication technologies in in-house functioning and offered services of government. Within the framework of e-government basic values, the project “Modernization of MASAK Information Systems” was put into practice in 2012 and completed in 2013 for the purpose of meeting the corporate necessities. With this project, MASAK Data Center was reestablished considering the principles of “uninterrupted service”, easy management” and “productive usage

of resources”. Additionally, Integrated Financial Intelligence System (EMIS) and MASAK.ONLINE System have been developed.

On the other hand, a training activity where we shared our experience and knowledge was organized in 2013 for Turkmen officials in order to contribute to their efforts to establish necessary institutional and legislative infrastructure in combating money laundering and financing of terrorism.

In the framework of supervision of compliance programs, supervisions were continued and 130 supervisions within obliged parties were completed.

Relating to analysis and evaluations conducted for laundering offence within MASAK, 64 of the files among ongoing 107 files were completed in 2013. Information on 3.696 persons was submitted to relevant institutions in the scope of the cases associated with the offences in their field.

Following analysis and evaluations carried out by MASAK related to the offence of financing of terrorism, we shared information about 836 natural/legal persons with concerned institutions in 2013.

2013 was a year in which important steps were taken regarding the FATF mutual evaluation process of Turkey and delisting from the follow-up process by addressing the deficiencies. “The Law No.6415 on the Prevention of the Financing of Terrorism” entered into force by publishing in the Official Gazette dated 16.02.2013 with the number 28561 with the contribution of Ministry of Justice, Ministry of Foreign Affairs, Ministry of Interior and the other counterpart institutions. Relating to the implementation of this Law, The Regulation on the Procedures and Principles regarding the Implementation of Law on the Prevention of the Financing of Terrorism entered into force by publishing in the Official Gazette dated 31.05.2013 with the number 28663.

Activities of promoting cooperation with counterpart units in foreign countries were continued in 2013 and MOUs were signed with financial intelligence units of South Africa, Germany, Tunisia, Turkmenistan, Denmark, Saudi Arabia and Kingdom of Morocco for the purpose of cooperation in combating laundering and financing of terrorism.

I hope the 2013 Activity Report covering the information about the actions performed by MASAK will be successful within the context of fulfilling the function of informing public and on this occasion thanks my workmates for their efforts on preparing the report.

Ankara, / /2014

Mürsel Ali KAPLAN
Head of MASAK

I. COMBATING LAUNDERING PROCEEDS OF CRIME AND FINANCING OF TERRORISM

Broadly, laundering means inserting ill-gotten gains into the economic system by legitimizing them via disguising their illegal origin and changing their nature.

The main purpose in distinguishing laundering offence from the predicate offence which forms the origin of it is to prevent offences committed to get gains by depriving those who benefit from proceeds of crime from these gains. Therefore, fight against laundering offence is also regarded as an important instrument for the fight against predicate offences.

Combating laundering offence has two dimensions which are preventive and repressive measures. Repressive measures with respect to detection of criminal and proceeds of crime after commission of crime covers criminalization of money laundering, detection, investigation, trial and conviction of launderers, detection, tracing, seizure and confiscation of laundered assets were regulated by the Turkish Criminal Code No. 5237.

Since, developments in IT and variations in financial instruments have caused the economic system, especially financial activities, to become faster, more complex and borderless, which has created opportunities for money launderers and financiers of terrorism. Thus, measures for preventing proceeds of crimes from being inserted in the economic system has become more important than ever in the fight against money laundering and the financing of terrorism.

In this framework, effective implementation of preventive measures by obliged parties such as CDD, STR, internal control and internal audit, risk management and assigning compliance officer set forth for the purpose of fighting against laundering of proceeds of crime and financing of terrorism ensures prevention of laundering activities before commission and use of financial system as a means of commission of these offences.

International regulations have also emphasized on the importance of preventive measures in the fight against laundering proceeds of crime and financing of terrorism and the countries have been called to take necessary measures in this scope.

The United Nations Convention against Transnational Organized Crime (Palermo Convention) prepared by the UN in 2000 for the purpose of preventing transnational organized crimes and enhancing cooperation among countries within this framework and to which Turkey became a party on 30.01.2003 is the first instrument prepared for fight against organized crimes and includes preventive measures for combating money laundering. The Convention also deals with preventive measures aspect of the issue by requiring banks, non-bank financial institutions and other bodies particularly susceptible to money-laundering to implement customer identification, record-keeping and suspicious transaction reporting measures and thus required countries to make necessary legal regulations within this framework.

The financing of terrorism means providing or collecting funds willfully and knowingly that they will be used in committing terrorist activities. It is vitally important in the fight against terrorism to eliminate financial sources of terrorist organizations and to prevent distribution channels of the funds acquired.

Beside classical measures and implementations in the fight against terrorism which gained an international dimension and has reached significant amounts of funds, financial sources of terrorist organizations should be eliminated as well. This requirement has added the dimension of “the fight against financing of terrorism” to the fight against terrorism.

For the purpose of developing cooperation among countries to adopt and establish effective measures for preventing the financing of terrorism, International Convention for the Suppression of the Financing of Terrorism was prepared by the UN in 1999 and Turkey became a party on 10.01.2002 with the Law No.4738 dated 10.01.2002. It has been established in the Convention that any person commits an offence within the meaning of this Convention if that person by any means, directly or indirectly, unlawfully and wilfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out an act which constitutes an offence within the scope of and as defined in one of the treaties listed in the annex or any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act. It is also required to take necessary measures under domestic law for detection, identification, freezing and seizing of funds used or generated to be used in the commission of these offences or the earnings derived from these offences.

Likewise, in accordance with Chapter 7 of UN Charter, the decisions of UN Security Council are binding on the UN member countries.

The individuals and entities associated with Taliban, Al-Qaida and Osama Bin Laden were listed at the annex of UN Security Council Resolution 1267 (15.10.1999) and the assets of them were requested to be frozen.

The followings are stipulated in the UN Security Council Resolution 1373 (28.09.2001); taking judicial and administrative measures in order to prevent the financing of terrorism, fulfilling the requests for freezing the assets of terrorists to be made by foreign countries, making international cooperation and information exchange, being party as soon as possible to the relevant international conventions and protocols relating to terrorism, including the International Convention for the Suppression of the Financing of Terrorism of 9 December 1999;

In 2013, “The Law No.6415 on the Prevention of the Financing of Terrorism” entered into force by publishing on the Official Gazette dated 16.02.2013 with the number 28561 for the purpose of bringing up our legislation on combating laundering proceeds of crime and the financing of terrorism in line with international standards. Through the mentioned Law within the scope of effective fight against terrorism and financing of terrorism; the principles and procedures have been determined for implementing the “International Convention for the Suppression of Financing of Terrorism” dated 1999 and the United Nations Security Council Resolutions related to combating terrorism and the financing of terrorism, for establishing financing of terrorism offence, and for freezing of asset with the aim of preventing financing of terrorism.

The Regulation on the Procedures and Principles Regarding the Implementation of Law on the Prevention of the Financing of Terrorism entered into force by publishing on the Official Gazette

dated 31.05.2013 with the number 28663. With this Regulation, the principles and procedures have been determined regarding making, executing, revoking of the asset freezing decisions, and management and control of frozen assets within the scope of effective fight against terrorism and financing of terrorism for the implementation of Law on the Prevention of the Financing of Terrorism.

In this respect, essential preventive measures related to money laundering and the financing of terrorism are dealt with in Turkey by the Law No. 5549 on Prevention of Laundering Proceeds of Crime. A general framework for these measures has been drawn by the Law upon a legal basis and detailed legal arrangements has been set forth to be made by secondary legislation considering variations in financial instruments and the number of laundering methods increasing day by day.

Within this framework, the Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism, the Regulation on Compliance with Obligations of Anti-money Laundering and Combating the Financing of Terrorism and MASAK General Communiqués No. 5, 6, 7, 8, 9 were issued. 19

Preventive measures are defined in detail in the “Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism” which was published in the Official Gazette No 26751 on 09.01.2008. Detecting customers, business relationships and transactions considered to be highly risky in terms of money laundering and the financing of terrorism is listed as a measure required to be taken in addition to customer identification for customer due diligence which is the most important element in the prevention of laundering offence. Also, the requirement of suspicious transaction reporting which is one of the main elements of preventive measures is rearranged in the Regulation, and obliged parties are required to pay special attention to complex and unusually high-amount transactions, thus, ensuring monitoring of this kind of transactions.

Prepared for ensuring the compliance with obligations within a system to be established by obliged parties and depending on the Law No 5549, Article 5 on “Training, Internal Control, Audit and Risk Management Systems and other measures”, the Regulation on Compliance with Obligations of Anti-money Laundering and Combating the Financing of Terrorism includes provisions for compliance program to be established by each obliged party with a risk based approach. This provision is essentially for ensuring the effectiveness of preventive mechanism in combating money laundering and aims at ensuring that obliged parties pay the necessary attention and care for preventing money laundering and the financing of terrorism.

Issues related to preventive measures defined in the “Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism” and the “Regulation on Compliance with Obligations of Anti-money Laundering and Combating the Financing of Terrorism” are regulated in detail in MASAK General Communiques.

In this respect, ‘simplified measures’ required to be obeyed by obliged parties about CDD principles are defined in MASAK General Communiques No.5 and 9; explanations for effective, timely and proper ‘suspicious transaction reporting’ by obliged parties under the scope of AML/CFT are defined in MASAK General Communiqué No.6; explanations regarding making customer identification information of obliged parties’ customers with permanent business relationship in line with the Regulation and other explanations regarding customer identification are defined in MASAK General Communiqué No.7.

II. OVERALL INFORMATION ON MASAK

A. Vision and Mission

MASAK's vision and mission has been defined as follows.

Vision: The vision of MASAK is to become a leading institution that contributes to establishment of an efficient economy and a safe society through effectively combating laundering proceeds of crime and terrorist financing

Mission: The mission of MASAK regarding prevention and detection of money laundering and terrorist financing is to contribute to making policies and regulations, to collect and analyze information quickly and reliably, to carry out examination and research and to convey the information and results to relevant authorities.

B. Power, Functions and Responsibilities

After the Law No. 4208 on Prevention of Money Laundering entered into force on 19.11.1996, Financial Crimes Investigation Board (MASAK) was established on 17.02.1997 and our country became one of those fighting against money laundering.

Having started operating on 17 February 1997, MASAK is an administrative unit attached to the Minister of Finance and its powers and functions were initially defined in the Law No. 4208.

Powers and functions of MASAK were redefined in Article 19 of the Law No. 5549 on Prevention of Laundering Proceeds of Crime which entered into force on 18 October 2006 by being published in the Official Gazette No. 26323. Accordingly, MASAK fulfills the following essential services:

- ▶ To develop policies and implementation strategies, to coordinate institutions and organizations, to conduct collective activities, to exchange views and information for the prevention of laundering proceeds of crime.
- ▶ To prepare law, by-law and regulation drafts in accordance with the policies determined, to make regulations for the implementation of Law 5549 and related decisions of Council of Ministers.
- ▶ To carry out researches on the developments and trends on laundering proceeds of crime and on detection and prevention methods.
- ▶ To make sector-specific studies, to develop measures and to monitor the implementation for the prevention of laundering proceeds of crime.
- ▶ To carry out activities to raise public awareness and support.
- ▶ To collect data, to receive suspicious transaction reports, to analyze and evaluate them in the scope of prevention of laundering proceeds of crime and terrorist financing.
- ▶ To request for examination from law enforcement and other relevant units in their fields, when required during the evaluation period.
- ▶ To carry out or to have carried out examinations on the subject matters of Law 5549.
- ▶ To denounce files to the Chief Public Prosecutor's Office for the necessary legal actions according to the Criminal Procedure Law in the event of detecting serious findings as a result of the examination that a money laundering offence has been committed.

- ▶ To examine the cases conveyed from Public Prosecutors and to fulfill the requests related to the determination of money laundering offence.
- ▶ To convey the cases to the competent Public Prosecutor’s Office in cases where serious suspicion exists that a money laundering or terrorist financing offence has been committed.
- ▶ To ensure inspection of obligations within the scope of Law 5549 and relevant legislation.
- ▶ To request all kinds of information and documents from public institutions and organizations, natural and legal persons, and unincorporated organizations.
- ▶ To request temporary personnel assignment from other public institutions and organizations within the Presidency, when their knowledge and expertise is necessary.
- ▶ To carry out international affairs, to exchange views and information for the subjects in the sphere of its duties.
- ▶ To exchange information and documents with counterparts in foreign countries, and for this purpose, to sign memoranda of understanding which are not in the nature of an international agreement.

C. Administrative Structure Information

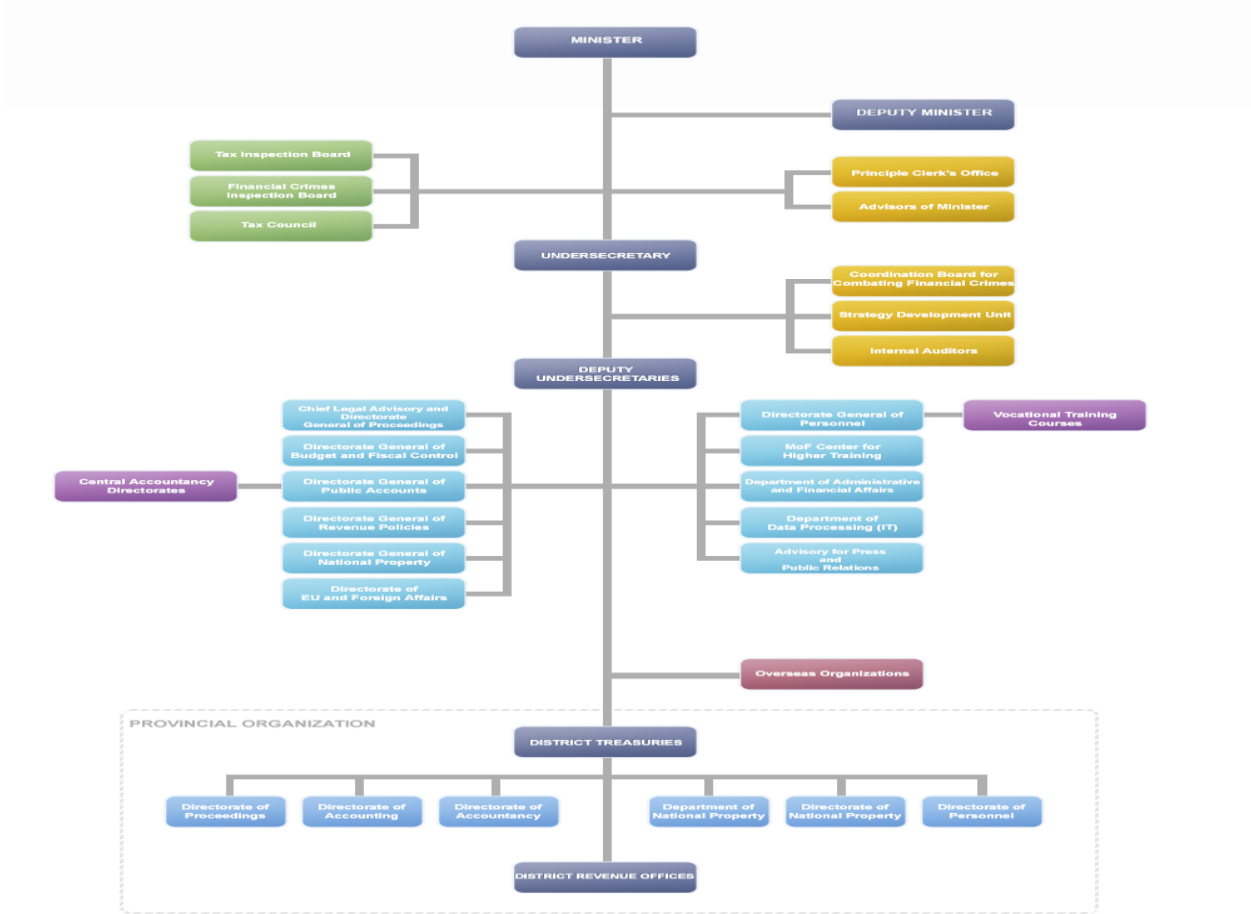
1. Position in the Ministry and Organizational Structure

According to subparagraph (g) of Article 8 in Decree Law no. 178 on Organization and Duties of Ministry of Finance, MASAK is a “main service unit” within the Ministry of Finance, and according to Article 19 of Law no. 5549 shall work directly attached to Minister of Finance.

MASAK carries out its functions through deputies of the head and heads of departments attached to the Head of MASAK and departments of Foreign Relations, Monitoring Legislation and Coordination, Training, Data Collection, Data Entry, Inspection of Obligations, Analysis and Evaluation related to Laundering Offence, Examination of Laundering Offence, Analysis and Evaluation related to Financing of Terrorism, General Analysis Groups and branches of Informatics, Human Resources and Administrative and Fiscal Affairs attached to them.

Figure 1- MASAK’s Position within the Ministry of Finance

MINISTRY OF FINANCE CENTRAL AND PROVINCIAL ORGANISATION

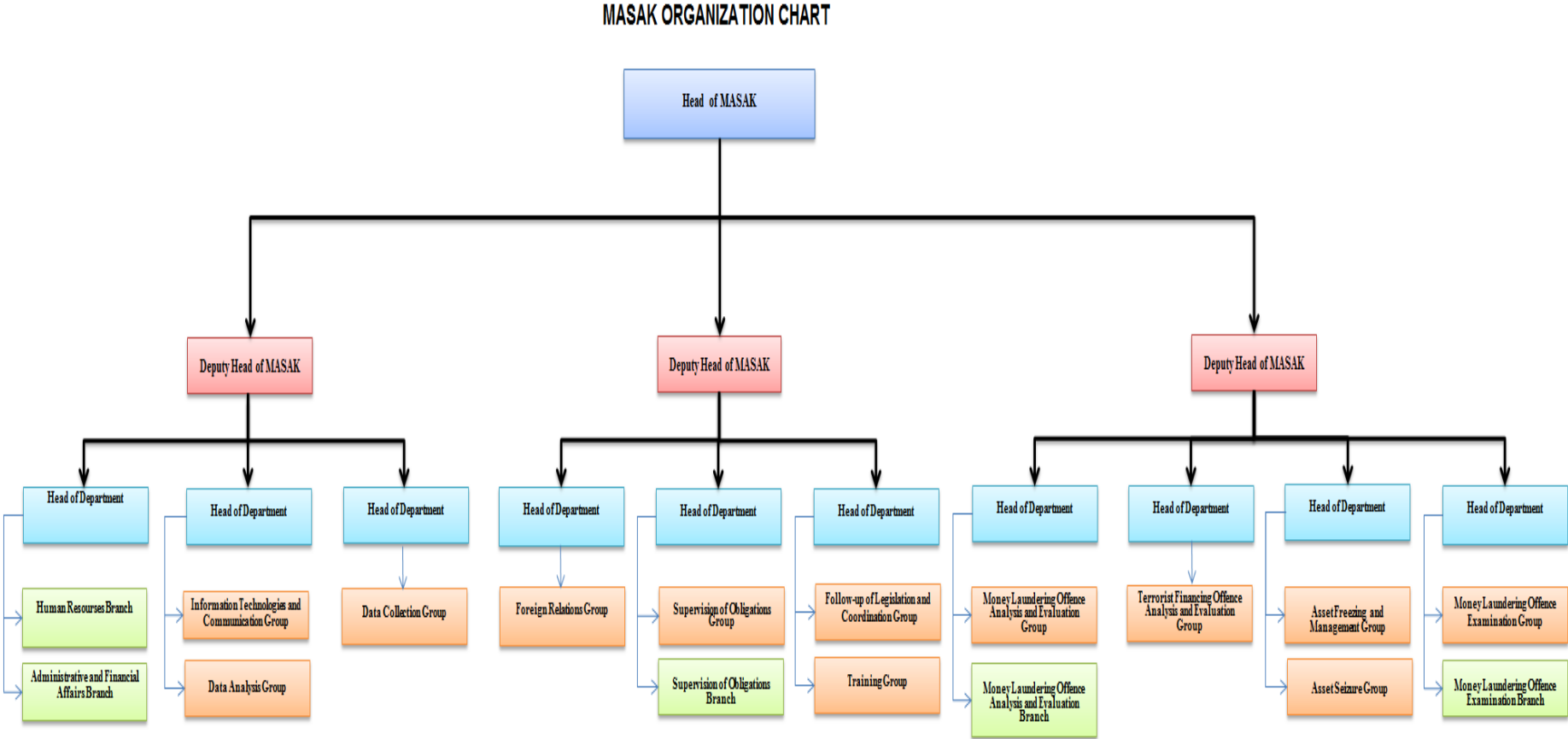


Financial intelligence units are main organs of fight against laundering proceeds of crime and the financing of terrorism which undertake significant functions in this fight.

In its Recommendation 26, FATF requests countries to establish a national and central authority that receives and analyses STRs and sends them to relevant units.

Within this framework, as the Turkish Financial Intelligence Unit, MASAK undertakes regulatory, supervisory and training functions as well as basic FIU functions. MASAK organization chart is given below in Chart 2.

Figure 2- MASAK Organization Chart



2. Human Resources

Total number of personnel working at MASAK is 180. The following table gives information on dispersion of personnel within the organization.

Table 1– Dispersion of Personnel (2003-2013)

Years	Administrative Staff (*)	Finance Expert	Finance Assistant Expert	Tax Inspector	IT Staff (**)	Other Staff (***)	Total
2003	6	24	27	3	8	45	113
2004	7	35	17	7	8	42	116
2005	7	41	9	7	11	51	126
2006	13	42	15	6	10	52	138
2007	13	40	22	3	12	56	146
2008	12	43	20	4	12	63	154
2009	13	44	21	3	12	68	161
2010	15	54	21	4	13	65	172
2011	15	54	28	4	11	62	174
2012	16	56	33	4	13	60	182
2013	15	60	28	4	16	57	180

(*) The Head, Deputies of the Head, Head of Department, Director of Branch (1 Finance Expert is Director of Branch).

(**) IT Director, Engineer, Analyst, Programmer, Computer Operator.

(***)Translator, Chief, Revenue Expert, Data Preparation and Control Operator, Civil servants, Technician, Distributor, Servant.

Chart 1 – Dispersion of the Personnel as per titles (2013)

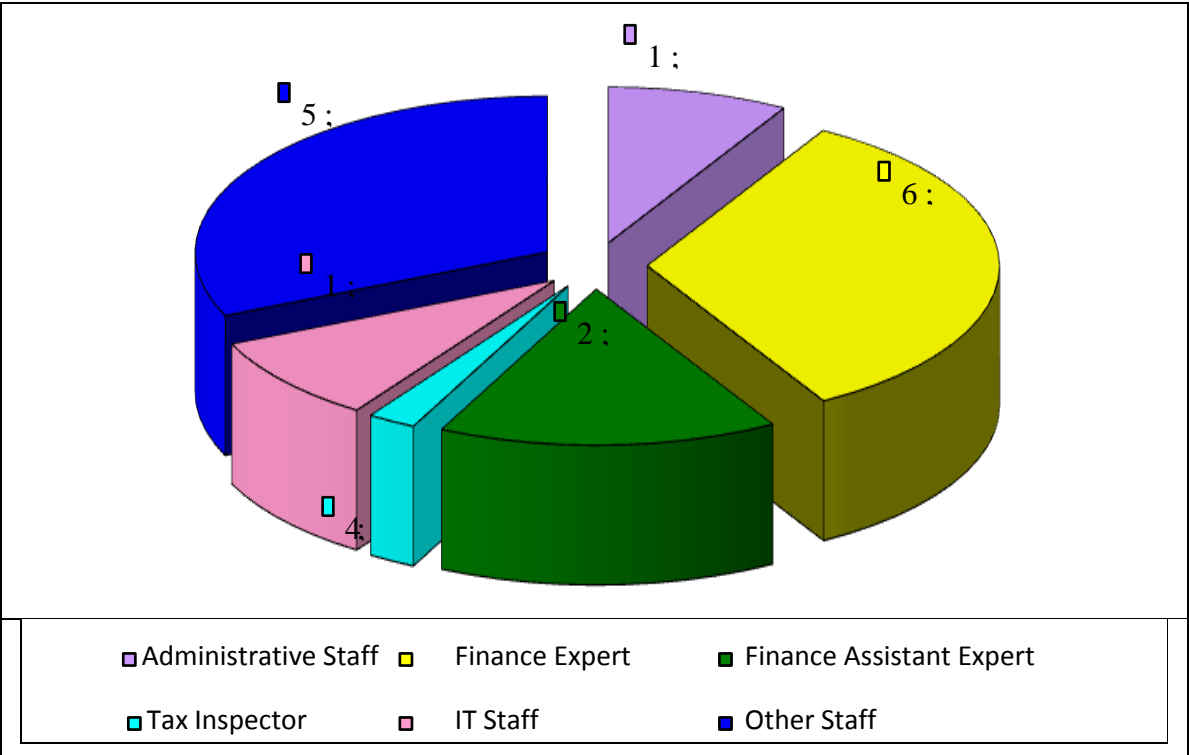


Table 2 – Numbers of Personnel As Per Titles (2013)

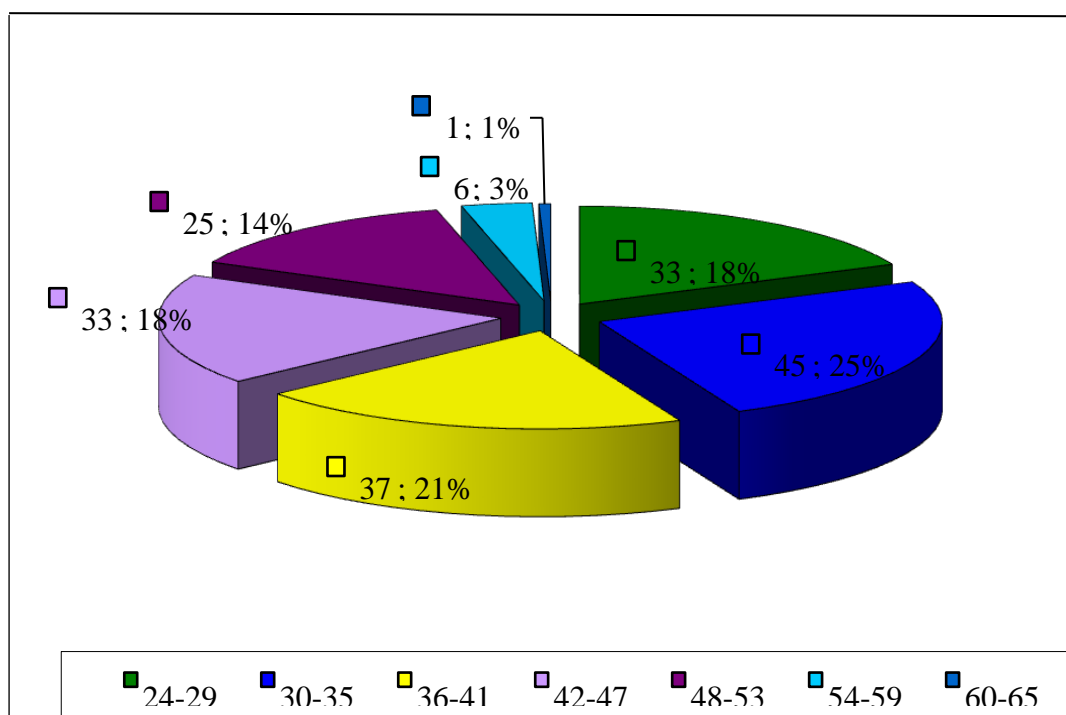
Title	Number of Personnel
Head of MASAK	1
Deputy Head of MASAK	1
Head of Department	8
Director of Branch	5
Finance Expert	60
Finance Assistant Expert	28
Tax Inspector	4
Revenue Expert	14
Revenue Assistant Expert	4
Chief	6
Engineer	6
Statistician	2
Programmer	3
Computer Operator	2
Data Preparation and Control Operator	21

Translator	4
Technician	2
Driver	1
Distributor	4
Servants	4
	180
Permanent Staff	132
Contract Staff	48
Total	180
Staff on Unpaid Leave	3
Temporarily Assigned in Another Unit	2
Interim Staff at MASAK	2
Total	173

Table 3- Personnel's Age Profile (2013)

Age	Number
24-29	33
30-35	45
36-41	37
42-47	33
48-53	25
54-59	6
60-65	1
Total	180

Chart 2- Dispersion of the Personnel As Per Their Ages (2013)



The following table gives information on Public Staff Foreign Language Knowledge (KPDS) level of MASAK Personnel.

Table 4 - Public Staff Foreign Language Knowledge (KPDS) level of MASAK Personnel (2013)

KPDS A Level	KPDS B Level	KPDS C Level
6	20	44

Table 5- School Status of Personnel (2013)

School Status	Number
Secondary School	2
High School	10
Associate Degree	9
Undergraduate	136
Master's Degree	21
Doctorate	2
Total	180

III. PURPOSE AND OBJECTIVE

A. Purpose and Objective

MASAK's most important strategic objective is "to prevent laundering proceeds of crime and the financing of terrorism" under the scope of the strategic purpose of "Expanding the Formal Economy and Lowering the Rate of Financial Crimes" defined in the 2013-2017 Strategic Plan announced by the Ministry. Additionally, contribution is made to strategic target "Expanding the Formal Economy and Lowering the Rate of Financial Crimes".

B. Essential Priorities

MASAK will give priority to the following activities in 2014 in order to achieve the strategic purpose and objective:

- To observe receiving result-oriented STRs to be carried out analysis, evaluation and examination besides the target of enhancing the data through evaluating the results obtained from application of new "electronic suspicious transaction reporting system" started in 2012 and still continuing in 2013.
- To complete as soon as possible the analysis and evaluation of denunciations and STRs received relating to offences of laundering proceeds of crime and the financing of terrorism. To contribute to increase the efficiency in combating laundering proceeds of crime and the financing of terrorism by subjecting the issues mentioned and may pose risk in the denunciations and STRs to sectoral analysis through benefiting from mass data. For this purpose, to complete the studies relating to receiving the information and document in the standard form suitable for analysis and secure medium required from natural and legal persons especially banks.
- To organise trainings for raising awareness of obliged parties on obligations known as "preventive measures" in combating laundering proceeds of crime and the financing of terrorism and to ensure the implementation of these measures.
- To perform supervision of compliance with obligations within obliged parties for ensuring them to comply with the obligations established under the scope of combating laundering proceeds of crime and the financing of terrorism.
- To carry out effective and proactive workings with law enforcement units, other relevant institutions and organizations which MASAK is in cooperation and coordination that fit the purpose of effective and efficient development of combating laundering proceeds of crime and the financing of terrorism.
- To concentrate on works for prevention laundering proceeds of crime derived from predicate offences such as drug trafficking, cigarette trafficking, usury, fuel smuggling, human trafficking and cyber-crimes.
- To organize activities for enhanced communication and cooperation with examiners for the purpose of increasing effectiveness in money laundering examinations and supervision of obligations.
- To sign Memoranda of Understanding with FIUs of other countries allowing to exchange information for intelligence in order to ensure international cooperation.
- To develop institutional capacity for the purpose of combating effectively financing of terrorism in accordance with international standards.
- To develop institutional capacity in order to effectively fulfill calculation and reporting requests to be received from legal units under seizure of assets.

IV. INFORMATION AND ASSESSMENTS ON ACTIVITIES

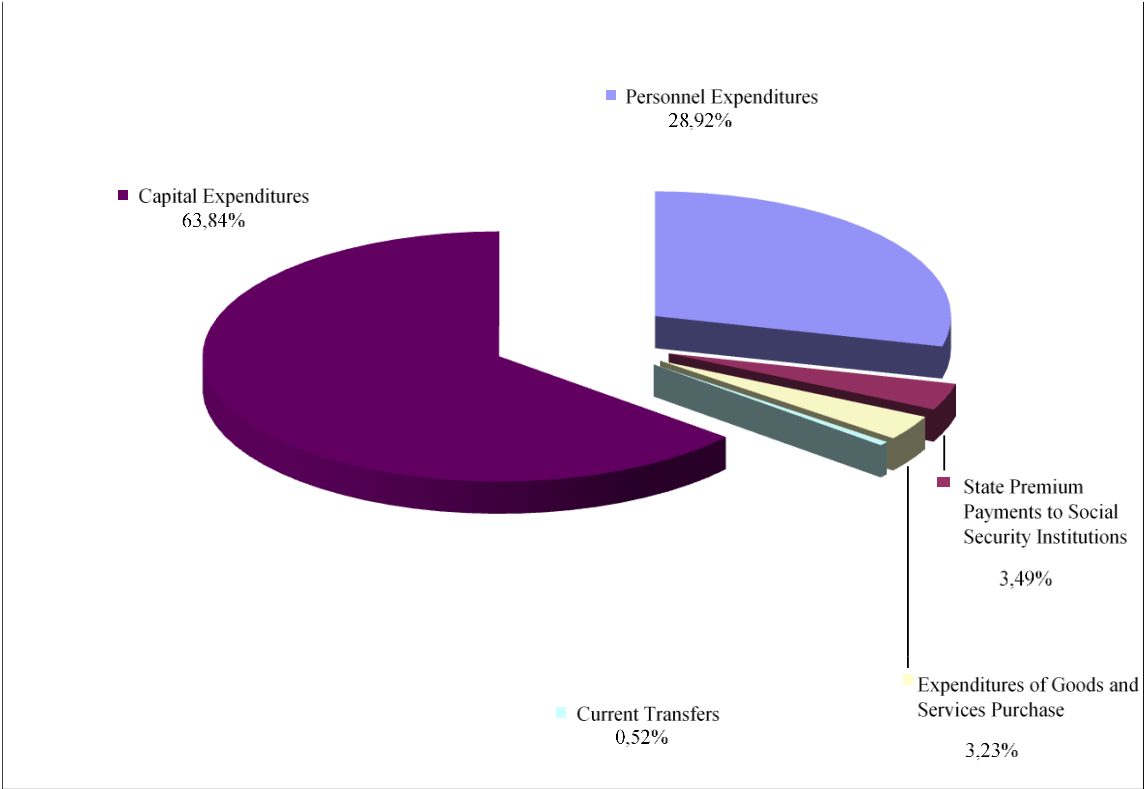
A. Fiscal Information

The following table gives information on the General Budget and allocated allowances and expenditures of MASAK within the last five years.

Table 6 – Budget Allowance Allocation and Economic Classification of Expenses (2009-2013) (TL)

Economic Classification	Type of Budget Expenditures	2009		2010		2011		2012		2013	
		Allowance	Expenditure	Allowance	Expenditure	Allowance	Expenditure	Allowance	Expenditure	Allowance	Expenditure
01	Staff Expenses	4.001.300	3.857.398	4.415.800	4.403.254	5.464.000	5.337.029	7.006.000	6.788.782	7.189.000	7.140.426
02	State Premium Payments to Social Security Institution	338.100	326.949	547.520	544.247	664.000	643.332	812.000	777.571	875.000	862.223
03	Goods and Services Purchase	671.400	497.195	608.001	566.046	793.000	723.466	762.000	532.045	990.000	798.392
05	Current Transfers	66.500	64.399	78.000	73.723	113.500	107.598	117.000	114.736	1.450.000	127.979
06	Capital Expenditures	0	0	1.500.000	1.464.333	3.500.000	3.280.400	14.000.000	12.896.580	18.000.000	15.764.800
TOTAL		5.077.300	4.745.941	7.149.321	7.051.603	10.534.500	10.091.825	22.697.000	21.109.714	28.504.000	24.693.820

Chart 3 – Percentages of Expenditures (2013)



The above chart gives the dispersion of budget expenditures by 31.12.2013 in terms of budget economic codes. As can be seen in the chart, the largest item of the expenditures is capital expenditures which constitutes 63,84% of the total. Rates of other expenditure items have been 28,92% for personnel expenditures; 3,49% for state premium payments to social security institutions; 3,23% for goods and services purchase and 0,52% for current transfers. Current transfers are annual payments made for FATF and EGMONT membership.

B. Information on Performance

1. Legislation and Coordination Activities

1.1. Legislation Activities

In 2013, the following Law, Regulation and Communiqué were enacted in order to make our national AML/CFT legislation in line with the international standards.

The Law No. 6415 on the Prevention of the Financing of Terrorism: The Law on the Prevention of the Financing of Terrorism was enacted by being published in the Official Gazette No. 28561 on 16.02.2013.

For the purpose of an effective combat against terrorism and the financing of terrorism, this Law defines the financing of terrorism offence and sets forth the procedures and principles related to the execution of the *1999 International Convention for the Suppression of the Financing of Terrorism* and the resolutions of the UNSC on terrorism and the financing of the terrorism, and the measure of assets freezing for the prevention of financing of terrorism offence.

Regulation on the Procedures and Principles Regarding the Implementation of Law on the Prevention of the Financing of Terrorism: The Regulation on the Procedures and Principles Regarding the Implementation of Law on the Prevention of the Financing of Terrorism was enacted by being published in the Official Gazette No. 28663 on 31.05.2013.

For the implementation of the Law on the Prevention of the Financing of Terrorism, this regulation lays down the procedures and principles of making, executing and repealing assets freezing decisions, managing and controlling the frozen assets for an effective combat against terrorism and the financing of terrorism.

MASAK Communiqué No.10 Amending the MASAK Communiqué No.5: MASAK Communiqué No.10 Amending the MASAK Communiqué No.5 was enacted by being published in the Official Gazette No. 28826 on 19.11.2013.

With the amendment in MASAK Communiqué No.5, the simplified measures procedure to be followed in the event that the pension contract is made out via call centre as a distance selling has been described in Article 2.2.7. The amendment also includes description on application of simplified measures by obliged parties who conduct activities particularly via electronic environments.

1.2. Meetings of the Coordination Board

Upon Article 20 of the Law No. 5549 on Prevention of Laundering Proceeds of Crime, the Coordination Board for Combating Financial Crimes, which is composed of the Head of MASAK, the Head of the Revenue Administration, the Head of the Tax Inspection Board, the Deputy Undersecretary of the Ministry of Interior, General Director of Legislation of the Ministry of Justice, the Director of Economic Affairs of the Ministry of Foreign Affairs, the Head of the Board of Treasury Comptrollers, the Head of the Insurance Supervision Board, the General Director of Financial Sector Relations and Exchange of the Undersecretariat of Treasury, the General Director of Insurance of the Undersecretariat of Treasury, the Head of the Guidance and Inspection Department of the Ministry of Customs and Trade, the General Director of Customs of the Ministry of Customs and Trade, the Deputy Head of the Banking Regulation and Supervision Agency, the Deputy Head of the Capital Market Board and the Deputy Head of the Central Bank of the Republic of Turkey, held two regular meetings in 2013 under the chairmanship of the Under-Secretary of Ministry of Finance.

The Coordination Board discussed:

- In the first meeting held on 24.04.2013, the draft regulation on the implementation of the Law No. 6415 and the studies carried out within the framework of the Action Plan;
- In the second meeting held on 25.09.2013, the results of the implementation of confiscation of income in combat against drug and the studies on its effectiveness.

1.3. Other Activities

In 2013, MASAK responded 50 requests for opinion received from obliged parties and other institutions related to the Law No. 5549 and secondary legislation.

In addition, MASAK responded 97 applications for access to information under the Law No. 4982 on the Right to Information, and 48 parliamentary questions received under the scope of the functioning of TGNA.

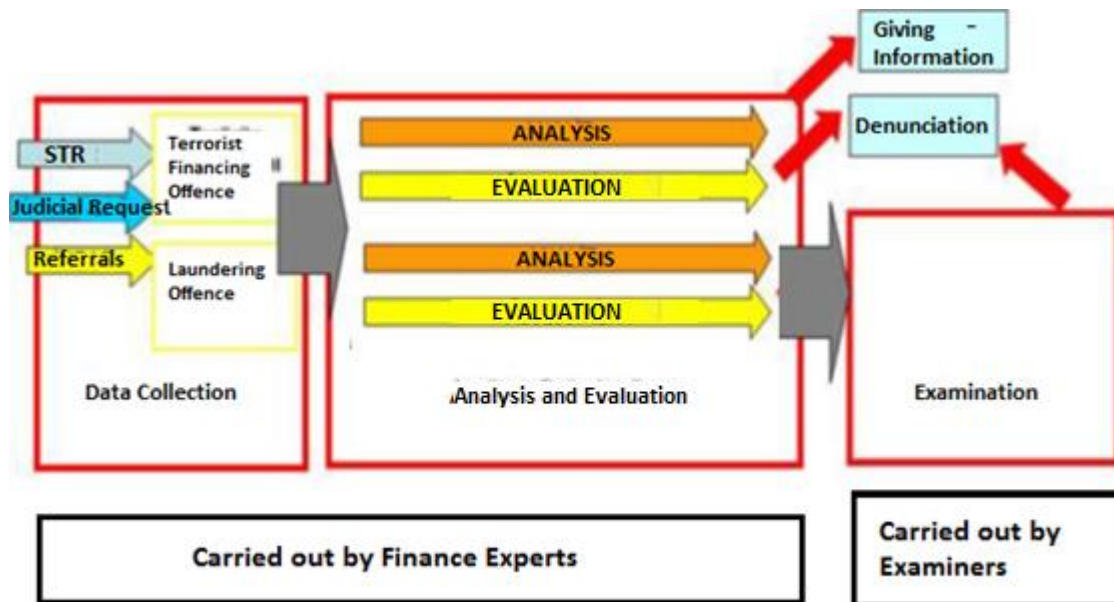
2. Studies for Prevention of Laundering and the Financing of Terrorism

Within the scope of Law No.5549 and secondary legislation related to this Law, obliged parties report the transactions carried out or mediated by them in case of a suspicion of terrorist financing or laundering of assets derived from crime to MASAK as Suspicion Transaction Report (STR).

Public Prosecutor's Office and the Courts may demand legal request from MASAK for identifying whether the offence of laundering of assets derived from crime is committed or not.

Public institutions and organizations, natural and legal persons may also refer the cases to MASAK.

Figure 3– Process of the Prevention of Money Laundering and the Financing of Terrorism



Finance experts carry out analysis and assessment on STRs, judicial requests and referrals related to the offences of the financing of terrorism and money laundering. Examiners also carry out examinations related to money laundering offence.

2.1. Data Collection Activities

An important part of MASAK's data collection activities is recording the received reports in the Integrated Financial Intelligence System (EMIS). The reports sent to MASAK and the personal information included in these reports are recorded in EMIS completely and precisely to be analysed systematically, analytically and statistically.

Information exchange in AML/CFT field with counterpart institutions in other countries is the other part of data collection activities.

Table 7 – General Dispersion of the Reports Received (2013)

Types of Reports	2013
STRs	25.592
Requests from Public Prosecutors and Courts	97
Other Reports	401
Total	26.090

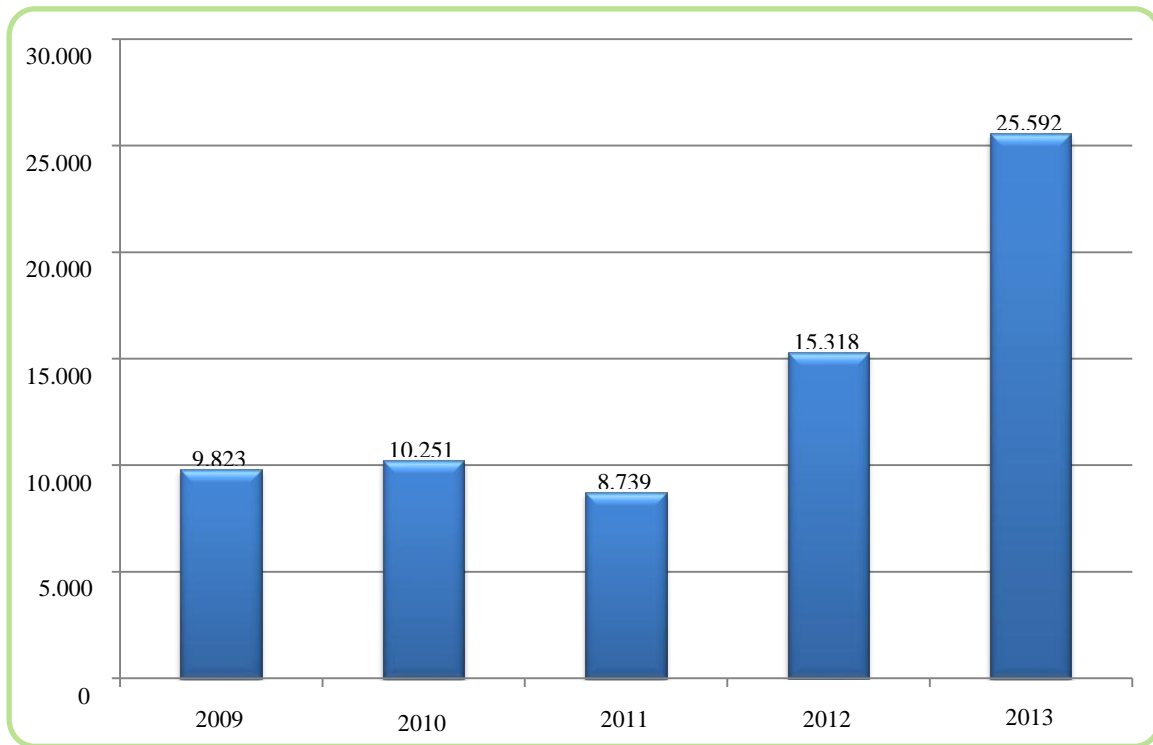
2.1.1. Suspicious Transaction Reports

Suspicious transaction reports are the reports sent to MASAK, in line with the standards set by MASAK, by natural and legal persons who are defined as “obliged parties” under the Law 5549 and the RoM when they suspect that the transaction they conduct or mediate is of an asset acquired illegally or used for illegal purposes or related to the financing of terrorism.

Table 8 – Dispersion of STRs as to Years and Sources (2009-2013)

	2009	2010	2011	2012	2013
Banks	9480	9968	8141	13504	22086
Intermediaries	168	28	117	237	177
Financing, Factoring and Financial	32	70	164	520	775
Insurance and Pension Comp.	129	148	286	569	629
Notaries	6	1	4	1	1
General Directorate of Post and	6	25	11	297	850
Foreign Exchange Offices	2	11	14	123	897
Cargo Companies	-	-	-	61	174
Public Accountants and Certified	-	-	1	-	-
Businesses acting in lottery and bets	-	-	1	5	1
Dealers of all kind of vehicles,	-	-	-	1	-
Dealers of precious stones, metals and	-	-	-	-	2
Total	9.823	10.251	8.739	15.318	25.592

Chart 4- Numeric Trend of Suspicious Transactions Reports as per years (2009-2013)

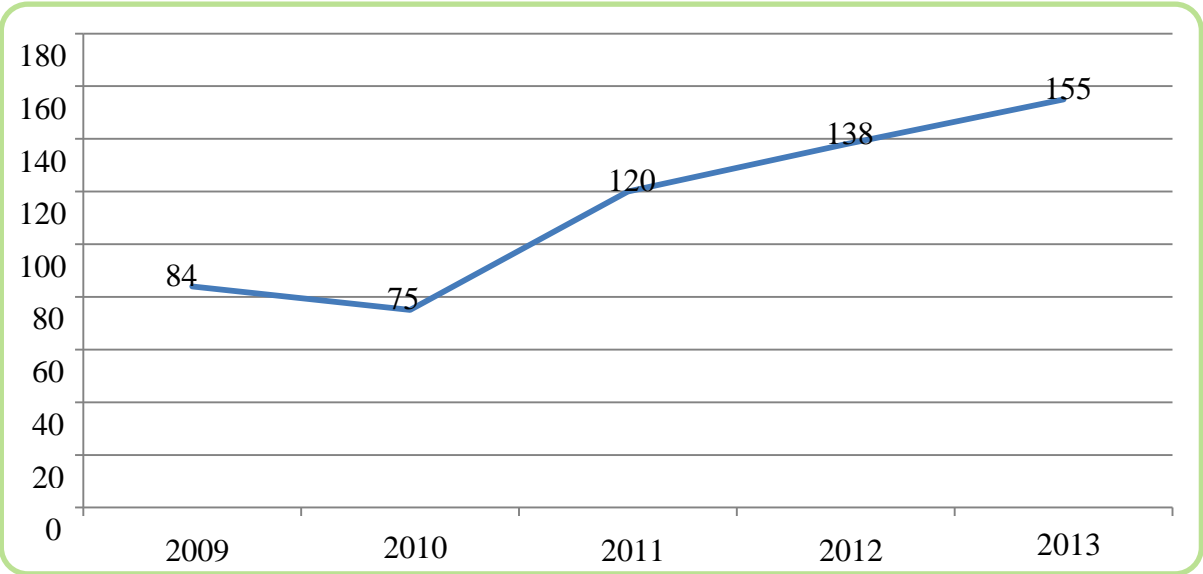


The number of STRs received in 2013 reached the highest level with 25,592. An important part of the increase was again in the number of STRs sent from the banking sector. The fact that banks are able to send STRs safely, fast and easily in electronic environment led to an increase much more than expected.

Table 9- Dispersion of the Number of Financial Institutions Sending STRs in Financial Sector as per years (2009-2013)

Financial Institutions	2009	2010	2011	2012	2013
Banks	31	26	29	30	31
Brokers	15	10	17	23	25
Insurance and Pension Comp.	24	18	27	36	34
Factoring Companies	6	14	26	28	43
Financial Leasing Companies	4	4	14	15	14
Financing Companies	2	2	5	4	4
Foreign Exchange Offices/	2	1	2	2	4
Total	84	75	120	138	155

Chart 5- Numerical Trend of Financial Institutions Sending STRs as per years (2009-2013)



According to the dispersion of the number of financial institutions sending STRs it is observed that:

- There is an ongoing increase in the number of institutions sending STRs since 2010,
- In 2013, there has been a considerable increase of awareness in cooperation especially with the factoring sector in AML/CFT.

In MASAK General Communiqué 6, there are 114 suspicious transaction types categorised according to the nature of suspicious transactions. In case that a suspicious transaction or situation is similar to one or a few of the suspicious transaction types defined in Communiqué 6, it is indicated in suspicious transaction reporting forms.

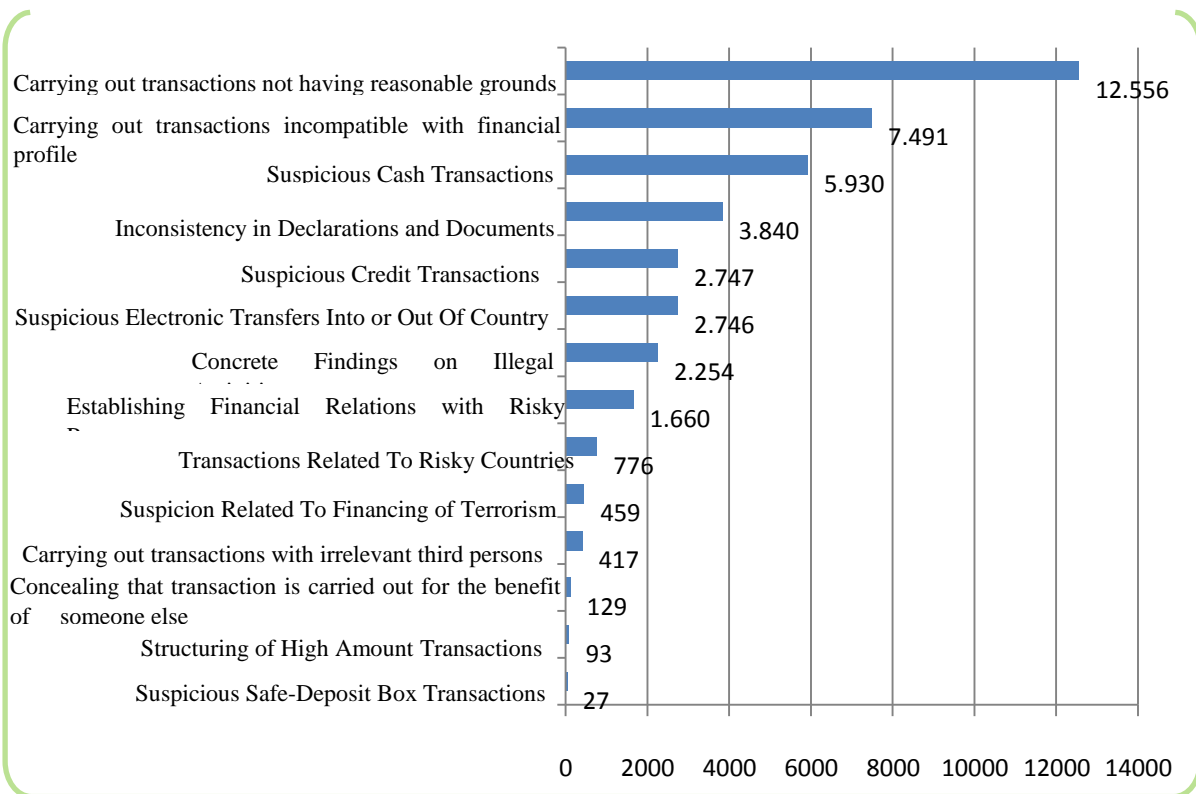
In 2013, there were 41.125 indications of suspicious transaction types in 25.592 STRs. The dispersion of the numbers of indicated suspicious transaction types are as follows:

Table 10- Dispersion of the numbers of suspicious transaction types (2013)

Suspicious Transaction Types	Number
Carrying Out Transactions Not Having Reasonable Grounds	12.556
Carrying Out Transactions Incompatible With Financial Profile	7.491
Suspicious Cash Transactions	5.930
Inconsistency In Declarations And Documents Of The Customer	3.840
Suspicious Credit Transactions	2.747
Suspicious Electronic Transfers Into or Out Of Country	2.746
Concrete Findings on Illegal Activities	2.254

Establishing Financial Relations With Risky Persons	1.660
Transactions Related To Risky Countries	776
Suspicion Related To Financing of Terrorism	459
Carrying out Transactions with third persons who are not clearly relevant	417
Concealing That The Transaction Is Carried out for the Benefit of Someone Else	129
Structuring of High Amount Transactions	93
Suspicious Safe-Deposit Box Transactions	27
Total	41.125

Chart 6- Dispersion of the numbers of suspicious transaction types (2013)



As in 2011 and 2012, the followings were the top three suspicious transaction types:

- Transactions without any legal or economic reason or a reasonable ground;
- Transactions incompatible with the financial profile of the customer;
- Cash transactions.

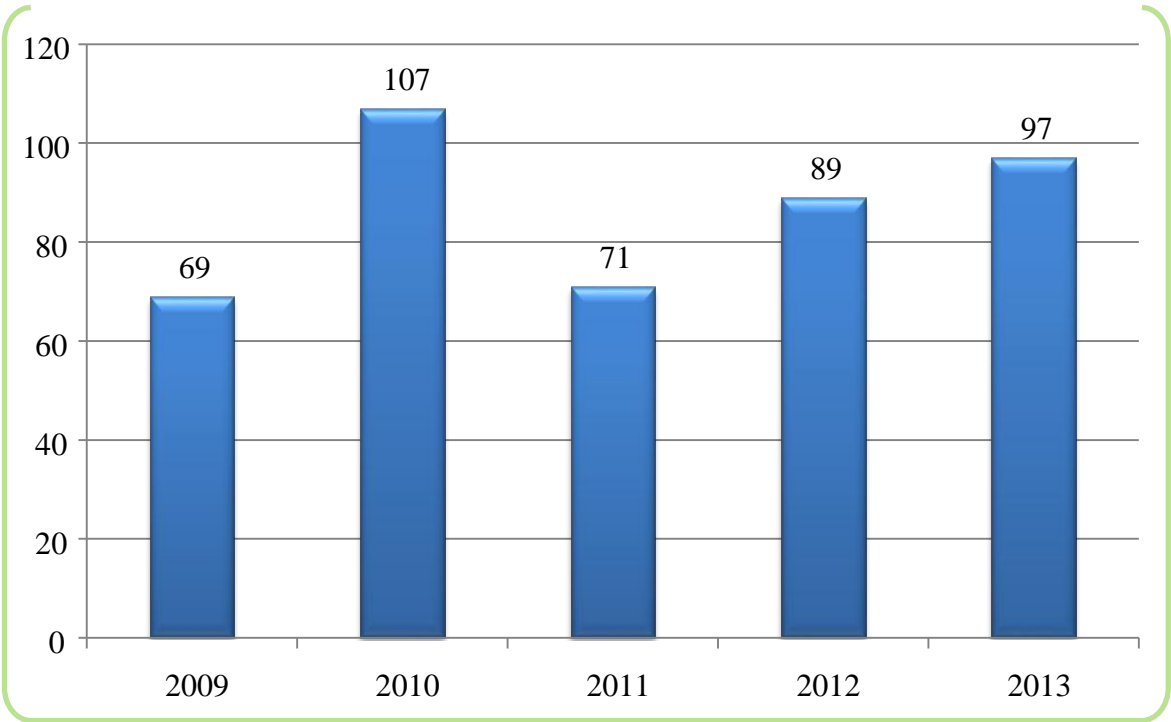
2.1.2. Assessment and Examination Requests Made by Public Prosecutors and Courts

Reports received from Public Prosecutor’s Offices and Courts are judicial requests sent to MASAK for detection of the offences of laundering proceeds of crime and the financing of terrorism. MASAK does analysis, evaluation and examination related to these judicial requests.

Table 11- Requests for Evaluations and Examinations made by Public Prosecutor’s Offices and Courts per year (2009-2013)

	2009	2010	2011	2012	2013
Evaluation and Examination Requests from Public Prosecutors and Courts	69	107	71	89	97

Chart 7– Numerical Trend of the Requests for Evaluations and Examinations made by Public Prosecutor’s Offices and Courts (2009-2013)



2.1.3. Other Reports

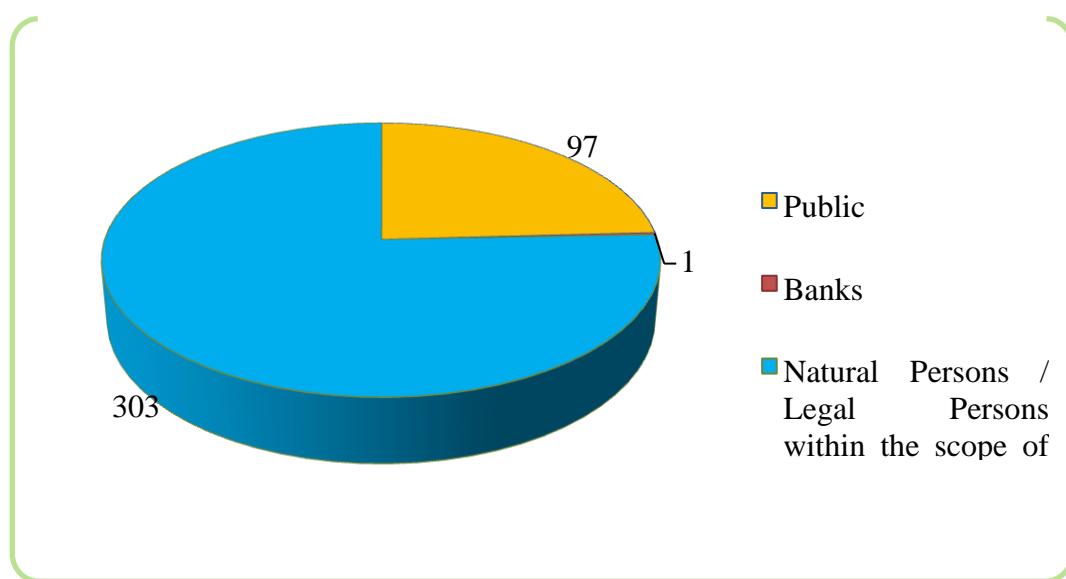
Public institutions report to MASAK with the reports that they draw up related to MASAK’s field of mission or via official correspondence. In addition, denunciations sent by natural and legal persons within the scope of private laws are considered as reporting if they are related to MASAK’s field of mission.

Referrals determined to be irrelevant with subjects under MASAK's responsibility are sent back to the related public institutions.

Table 12– Number of Other Reports and Their Dispersion per Sources (2009-2013)

Other Reports	2009	2010	2011	2012	2013
Public Institutions	100	91	87	148	97
Banks	-	1	-	1	1
Press	2	2	-	9	-
Natural Persons/Legal Persons within the	350	331	270	265	303
Abroad	6	8	12	7	-
Total	458	433	369	430	401

Chart 8– Dispersion of Other Sources per Their Sources



In 2013, referrals and complaints were mostly received from natural persons residing in Turkey as it was in previous years.

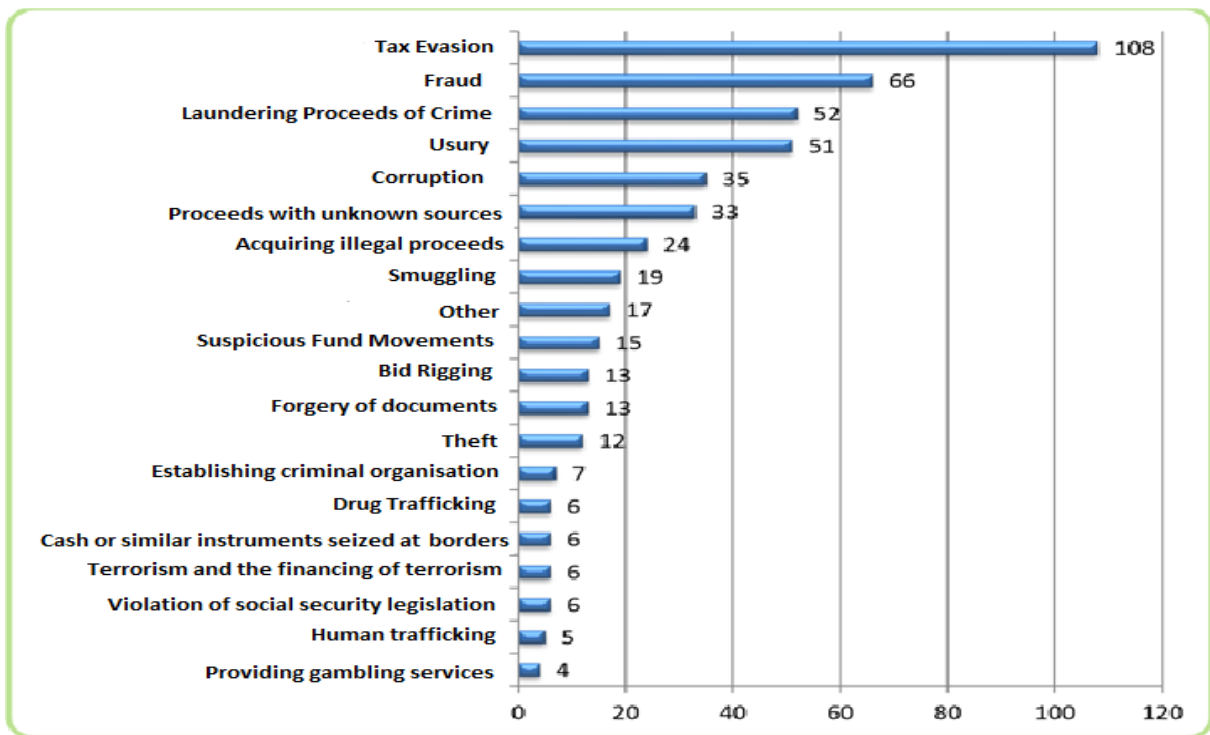
Dispersion of the judicial requests, denunciations and complaints per their subjects is as follows:

Table 13- Number of the Referrals and their Dispersion per the Alleged Subjects (2013)

Dispersion of the Referrals in 2013 per Subjects	
Tax Evasion	108

Fraud	66
Laundering Proceeds of Crime	52
Usury	51
Corruption	35
Proceeds with unknown sources	33
Acquiring Illegal Proceeds	24
Smuggling	19
Suspicious Fund Movements	15
Forgery of Documents	13
Bid Rigging	13
Theft	12
Establishing Criminal Organisation	7
Violation of Social Security Legislation	6
Terrorism or the Financing of Terrorism	6
Cash or similar instruments seized at borders	6
Drug trafficking	6
Human trafficking	5
Providing gambling services	4
Other	17
Total	498

Chart 9- Number of the Referrals and their Dispersion per their Sources (2013)



In 2013, the number of referrals received by MASAK related to subjects such as “laundering proceeds of crime”, “proceeds with unknown sources” or “acquiring illegal proceeds” increased compared to previous years, which may be accepted as the increase of public awareness in true perception of MASAK’s functions and powers.

2.1.4. Requests for Information

MASAK, as an FIU, exchanges intelligential information and documents with foreign counterparts within the framework of AML/CFT. Upon its duty and power given by article 19(1) (m) of the Law 5549, MASAK exchanges information with financial intelligence units, with EGMONT Group members in majority.

Egmont Group was established in Brussels on 09.06.1995 by the participation of 24 countries and 8 international organizations. By 31.12.2013, financial intelligence units of 139 countries are members of the Egmont Group. This membership allows countries to exchange information through a secure communication network (Egmont Secure Web – ESW). The main objective of the Egmont Group is to assist countries to improve their AML/CFT systems (anti- money laundering and combating terrorist financing systems), and to remove the obstacles hindering the international exchange of information. MASAK became a member of Egmont Group on 29.06.1998.

MASAK’s international exchange of information is mostly conducted with financial intelligence units that use this secure communication network. MASAK also exchanges information with foreign counterparts not using Egmont Secure Web through mail or telefax.

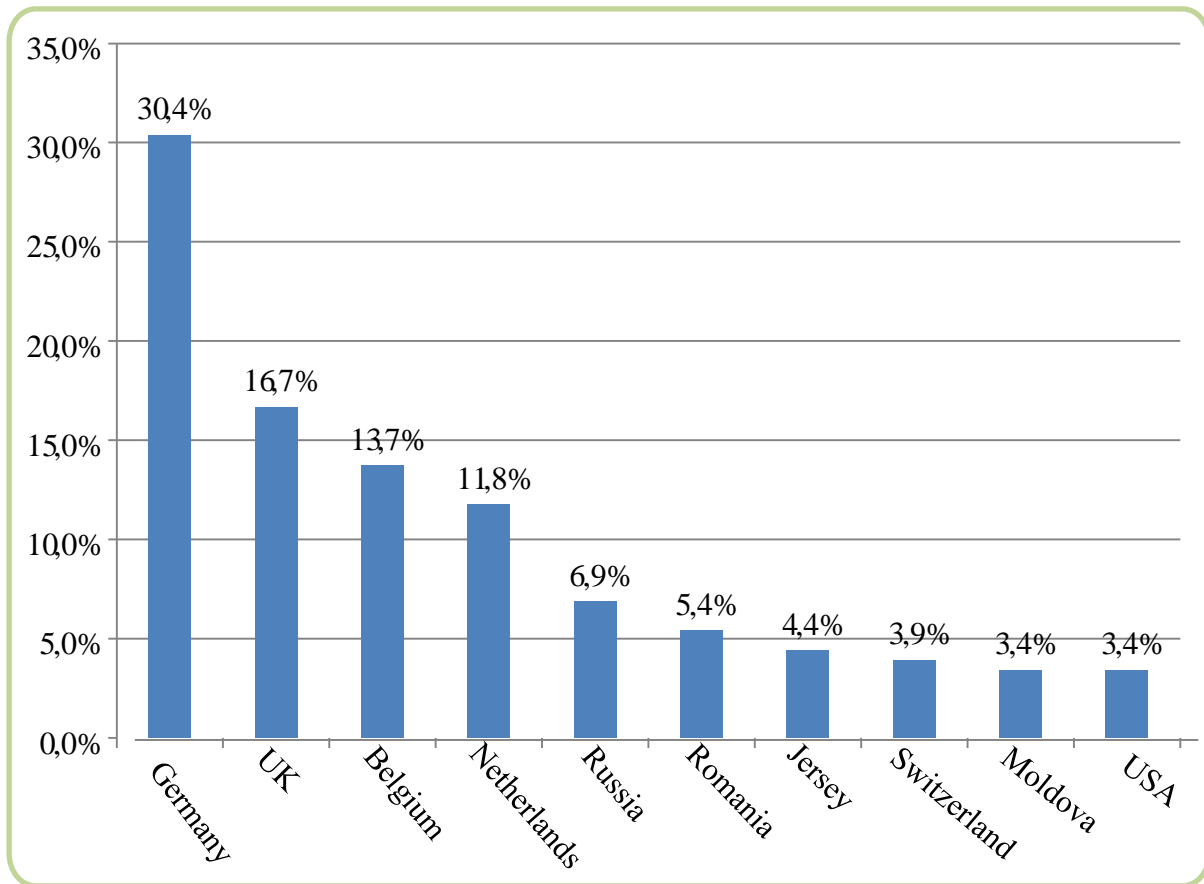
In 2013, MASAK received 292 information requests from counterparts related to money laundering and terrorist financing offences. These requests are generally about unusual or suspicious financial transactions conducted in the country of the relevant financial intelligence unit and involving money transfers made by Turkish citizens or made to Turkey or to their country from Turkey.

Table 14– Dispersion of the Number of Information Exchanges per Year (2009-2013)

Year	Received Requests	Sent Requests
2009	169	162
2010	188	63
2011	202	38
2012	221	60
2013	292	33

The following chart displays foreign counterparts making the most requests to MASAK in 2013. Information requests received are mostly from the FIUs of Germany, UK, Belgium, the Netherlands and Russia.

Chart 10– Dispersion of Foreign Counterparts Who Sent Information Request (2013)



In 2013, MASAK sent 33 requests for information to 18 foreign FIUs.

2.2. Analysis, Evaluation and Examination

MASAK carries out analysis and evaluation for prevention and detection of the financing of terrorism and laundering proceeds of crime, and also carries out examinations for detecting laundering proceeds of crime.

Analysis is the work carried out for obtaining qualified financial intelligence from various data collected, and referrals and reports received within the scope of Law No.5549 by using statistical and analytical methods and processing them with the help of technical instruments.

Evaluation is the work carried out for detecting serious suspicions and indications about the assets and persons in relation to laundering offence based on cases which fall under the duties of MASAK or the analyses performed.

Examination is the work carried out for detecting the facts indicating that the laundering offence has been committed.

In accordance with Article 19 of Law No. 5549, MASAK carries out analysis and evaluations on money laundering and terrorist financing through Finance Experts employed at MASAK and money laundering examinations through Tax Inspectors, Customs and Trade Inspectors, Sworn-in bank Auditors, Treasury Comptrollers, Insurance Supervision Experts and Actuaries, Banking Regulation and Supervision Agency Experts and Capital Markets Board Experts.

The analyses, evaluations and examinations carried out by MASAK can be initiated based on various sources which are requests submitted by Public Prosecutor’s Office, referrals received from public institutions and the natural or legal persons at home or abroad, and the suspicious transaction reports conveyed by obliged parties who shall report suspicious transactions according to Law No.5549.

2.2.1. Analysis and Evaluation

The Financial Intelligence Units are the most important organisational structures in combating laundering proceeds of crime and the financing of terrorism. The Egmont Group defines FIU as follows:

“A financial intelligence unit” (FIU) is a central, national agency responsible for receiving, (and as permitted, requesting), analysing and disseminating to the competent authorities, disclosures of financial information concerning suspected proceeds of crime and potential financing of terrorism, or required by national legislation or regulation, in order to combat money laundering and terrorism financing”

Today, in every country that combats laundering proceeds of crime and financing of terrorism, there are financial intelligence units that receive and analyse financial information and disseminate it to the relevant units within the framework of the function of FIU even though they may have different administrative structures, locations and powers.

MASAK, as the financial intelligence unit of Turkey, gives information to the relevant institutions and organisations about the issues considered to be necessary after the analyses it carries out.

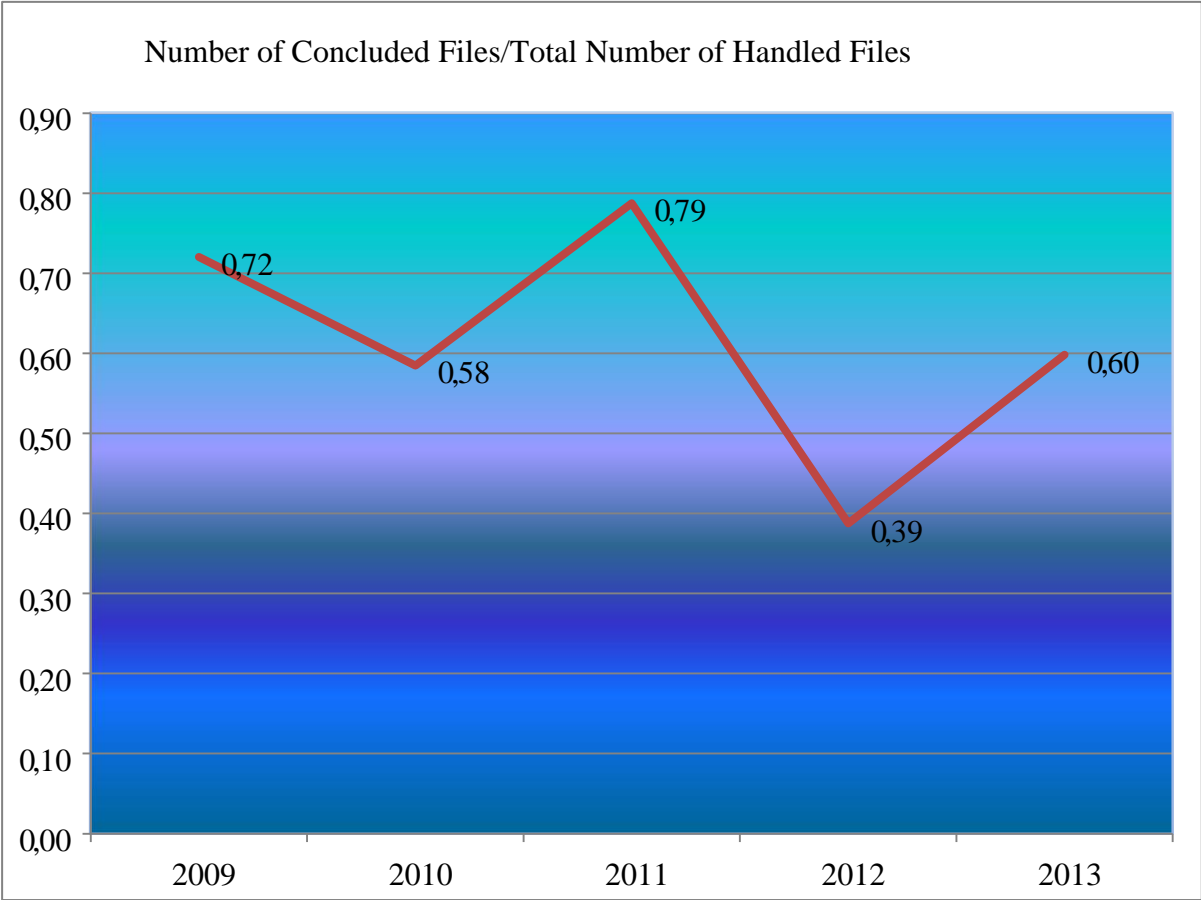
2.2.1.1. Analysis and Evaluation Related to Laundering Offence

Out of the referrals and suspicious transaction reports submitted to MASAK, evaluation files are opened for those considered after the analysis to be qualified in respect of laundering offence.

Table 15– The Numbers of Concluded Analysis and Evaluation Files (2009-2013)

Year	Number of Files	Number of Concluded Files
2009	211	152
2010	159	93
2011	127	100
2012	98	38
2013	107	64

Chart 11– The Rate of Conclusion (2009-2013)



According to the analysis and evaluation files related to money laundering offence concluded between 200 and 2013, predicate offences have diversified and some offences such as drug trafficking, fraud and usury have stood out.

Table 16 – Dispersion of the Number of Concluded Analysis and Evaluation Files per Subject and the Number of Persons Analysed (2009-2013)

YEAR	PREDICATE OFFENCE	Number of Files	Total Number of Files	Number of Persons
2009	Drug Trafficking	25	152	2.207
	Fraud	13		
	Organised Crime	10		
	Customs Smuggling	9		
	Unjust enrichment	9		
	Fuel Smuggling	6		
	Bid Rigging	6		
	Usury	5		

	Bribery	5		
	Forgery of Documents	4		
	Encouraging and mediating	4		
	Embezzlement	4		
	Human Trafficking	1		
	Capital Market Board related	1		
	Illegal gambling	1		
	Illegal Financial Transactions	48		
	Other	1		
2010	Drug Trafficking	19	93	2.360
	Fraud	13		
	Customs Smuggling	9		
	Usury	8		
	Organised Crime	6		
	Forgery of Documents	6		
	Bid Rigging	4		
	Bribery	4		
	Human Trafficking	3		
	Unjust Enrichment	3		
	Embezzlement	2		
	Smuggling of precious metals	1		
	Capital Market Board related	1		
	Illegal gambling	1		
	Illegal Financial Transactions	7		
Other	6			
2011	Usury	24	100	2.844
	Drug Trafficking	15		
	Fraud	11		
	Fuel Smuggling	5		
	Embezzlement	4		

	Customs Smuggling	4		
	Organised Crime	3		
	Human Trafficking	3		
	Unjust Enrichment	2		
	Bid Rigging	2		
	Passing-off	2		
	Bribery	2		
	Forgery of Documents	2		
	Cigarette Smuggling	2		
	Capital Market Board related	1		
	Illegal Financial Transactions	13		
	Other	5		
2012	Usury	8	38	1.250
	Drug Trafficking	6		
	Fraud	5		
	Organised Crime	3		
	Fuel Smuggling	1		
	Illegal Gambling	3		
	Embezzlement	2		
	Customs Smuggling	1		
	Bid Rigging	1		
	Theft	1		
	Malpractice	1		
	Forgery of Documents	1		
	Illegal Financial Transactions	5		
2013	Usury	18	64	1.349
	Fuel Smuggling	6		
	Fraud	6		
	Bid Rigging	6		
	Bribery	3		

Drug	3
Organised Crime	2
Theft	2
Embezzlement	2
IT related Offences	4
Customs Smuggling	1
Illegal Gambling	1
Passing-off	1
Forgery of Documents	1
Cigarette Smuggling	1
CMB related Offences	1
Illegal Financial Transactions	1
Other	3

When finance experts at MASAK, detect upon evaluation, that money laundering offence was committed, they denounce it to the authorised Public Prosecutor's Office. On the other hand, cases which have serious indicators about money laundering offence insufficient for a denunciation are examined in more detail by the examiners listed in Article 2 of the Law 5549. In this context, 16% of the evaluated cases in 2013 were forwarded to examiners for a detailed examination.

2.2.1.1.1. Institutions Informed After Analysis and Evaluation

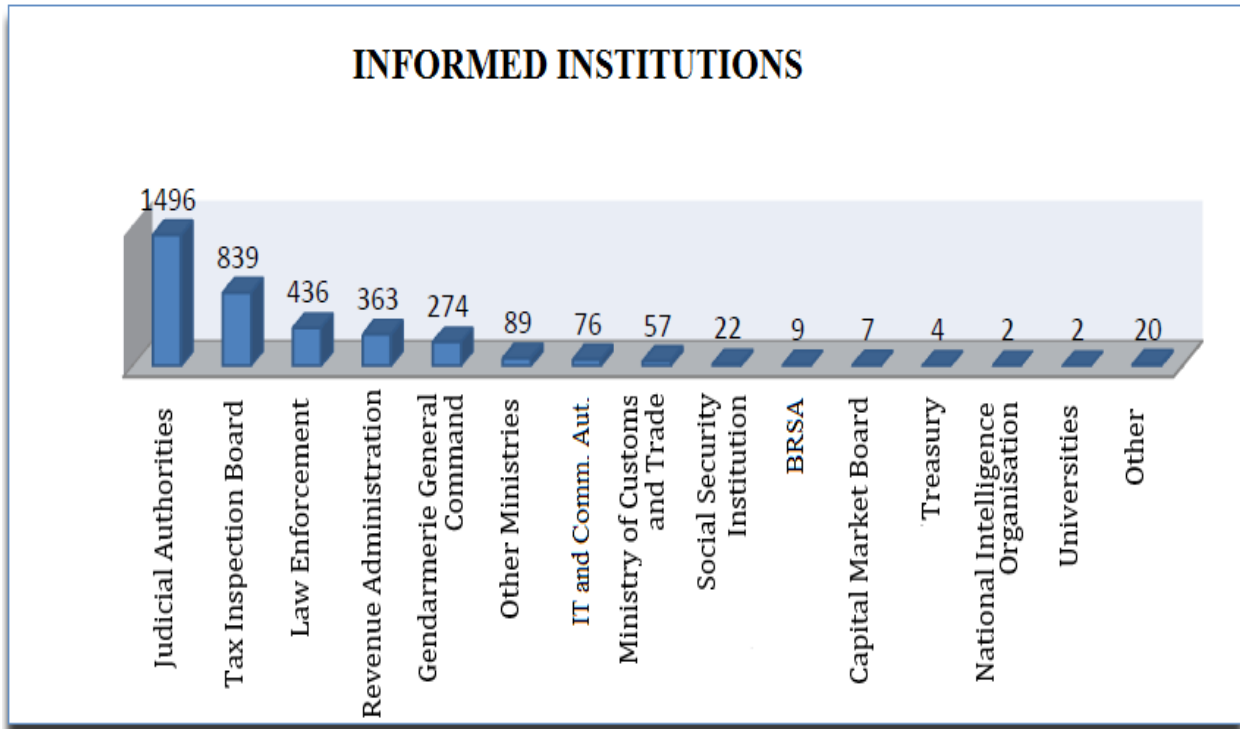
In the event that subjects within the duty fields of different institutions are encountered in analyses and evaluations related to laundering offence, those institutions are informed about the cases. In this scope; as a result of the analyses and evaluations conducted in 2013 related to laundering offence, various institutions were informed about 3696 persons for intelligence purposes.

Table 17– Institutions Informed for Intelligence Purposes after Analyses and Evaluations(2013)

Institution	Number of Persons
Judicial Authorities	1.496
Tax Inspection Board	839
Law Enforcement	436
Revenue Administration	363
Gendarmerie General Command	274
Other Ministries	89

Information Technologies and Communication Authority	76
Ministry of Customs and Trade	57
Social Security Institution	22
Banking Regulation and Supervision Agency	9
Capital Market Board	7
Undersecretariat of Treasury	4
National Intelligence Organisation	2
Universities	2
Other	20
TOTAL	3.696

Chart 12- Institutions Informed for Intelligence Purposes after Analyses and Evaluations (2013)



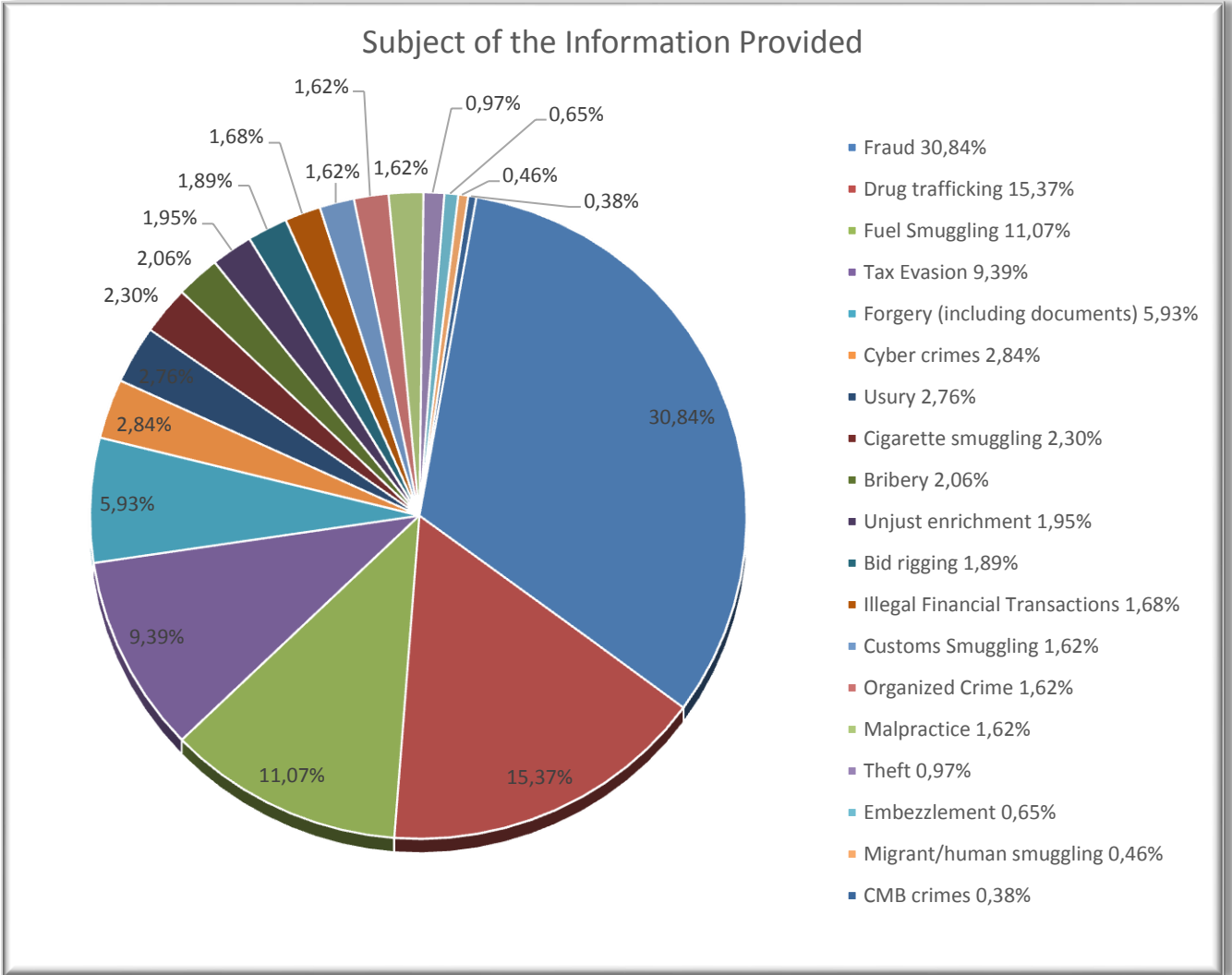
2.2.1.1.2. Subjects of Predicate Offences Revealed After Analysis and Evaluation

Subjects of the information provided to other institutions in 2013 after the analyses of laundering offence are as follows:

Table 18- Subjects of Intelligence Provided After Analysis and Evaluation (2013)

Predicate Offence	Number of Persons
Fraud	1.140
Drug trafficking	568
Fuel Smuggling	409
Tax Evasion	347
Forgery (including forgery of documents)	219
Cyber crimes	105
Usury	102
Cigarette smuggling	85
Bribery	76
Unjust enrichment	72
Bid rigging	70
Illegal Financial Transactions	62
Customs Smuggling	60
Organized Crime	60
Malpractice	50
Theft	36
Embezzlement	24
Migrant/human smuggling	17
CMB crimes	14
Illegal Gambling	6
Other	174
Total	3.696

Chart 13- Subjects of intelligence provided after the analysis and evaluations (2013)



2.2.1.2. Analysis and Evaluations related to Terrorist Financing Offence

Out of the referrals made and suspicious transaction reports sent to MASAK, the ones that have been analyzed and found out to be qualified in terms of terrorist financing offence are subject to evaluation. Statistics on the files opened and completed between 2009-2013 within the scope of financing of terrorism is shown in the table below.

Table 19– Analysis and evaluation files concluded (2009 – 2013)

Year	Number of files	Number of concluded files
2009	59	37
2010	70	30
2011	77	36
2012	69	17
2013	57	14

Chart 14- Conclusion ratio of the analysis and evaluation files (2009-2013)

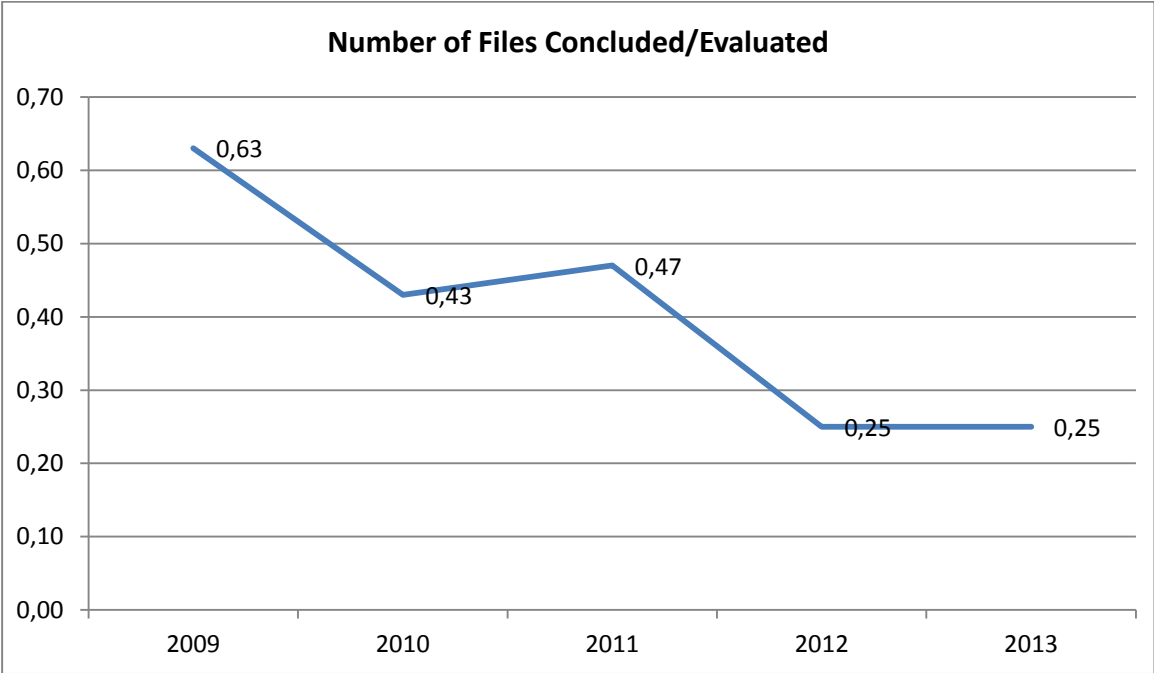
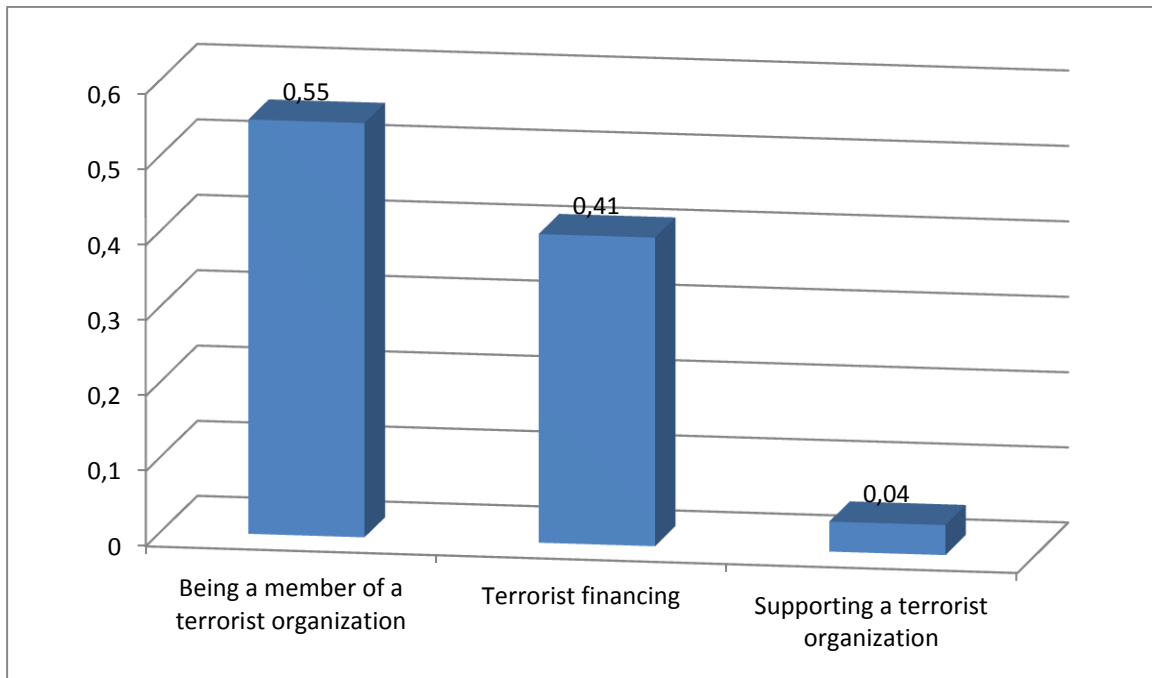


Table 20- Number of Persons Denounced (2009-2013)

Year	Being a member of a terrorist organization	Terrorist Financing	Supporting a terrorist organization	Total
2009	2	2		4
2010	223	119	12	354
2011	-	7	7	14
2012	19	20	-	39
2013	4	35	-	39
Total	248	183	19	450

Chart 15- Percentage Distribution of the Persons Denounced (2009-2012)



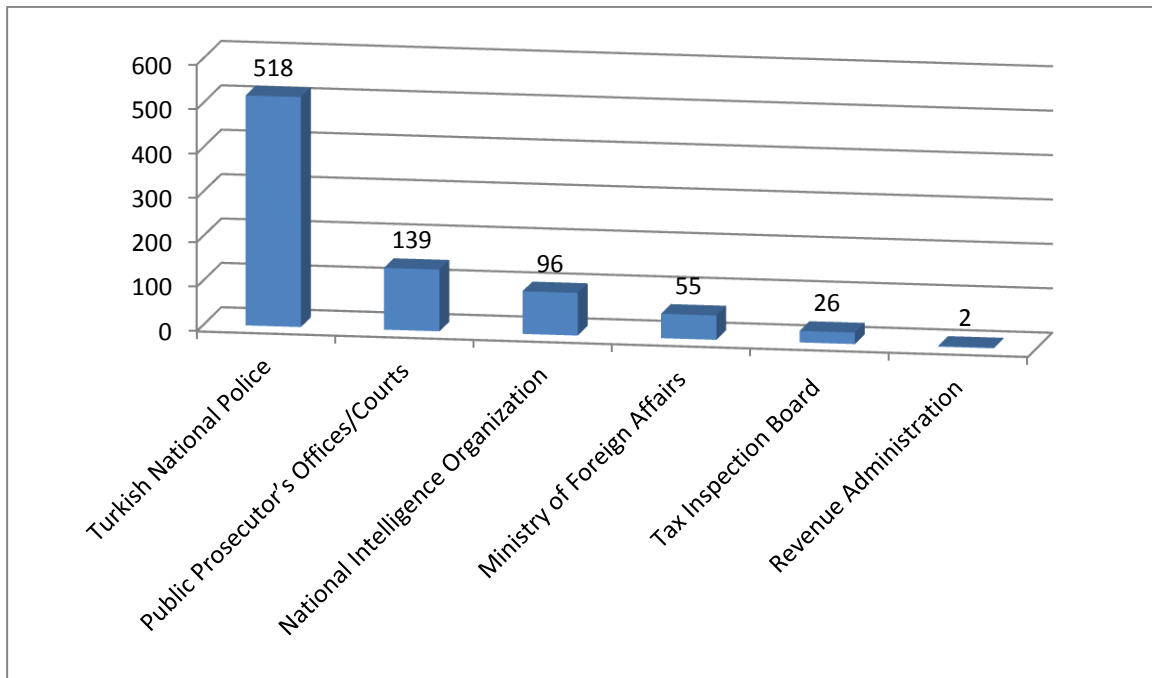
2.2.1.2.1. Institutions Informed after the Analyses and Evaluations

As a result of analyses and evaluations into terrorist financing offence, MASAK shared information on 836 natural/legal persons with various institutions in 2013. The following table shows the institutions provided with intelligence.

Table 21- Institutions provided with intelligence after the analyses and evaluations (2013)

Institution	Number of Persons
Turkish National Police	518
Public Prosecutor's Offices/Courts	139
National Intelligence Organization	96
Ministry of Foreign Affairs	55
Tax Inspection Board	26
Revenue Administration	2
TOTAL	836

Chart 16- Institutions provided with intelligence after the analyses and evaluations (2013)



2.2.2. Examinations into Laundering Offence

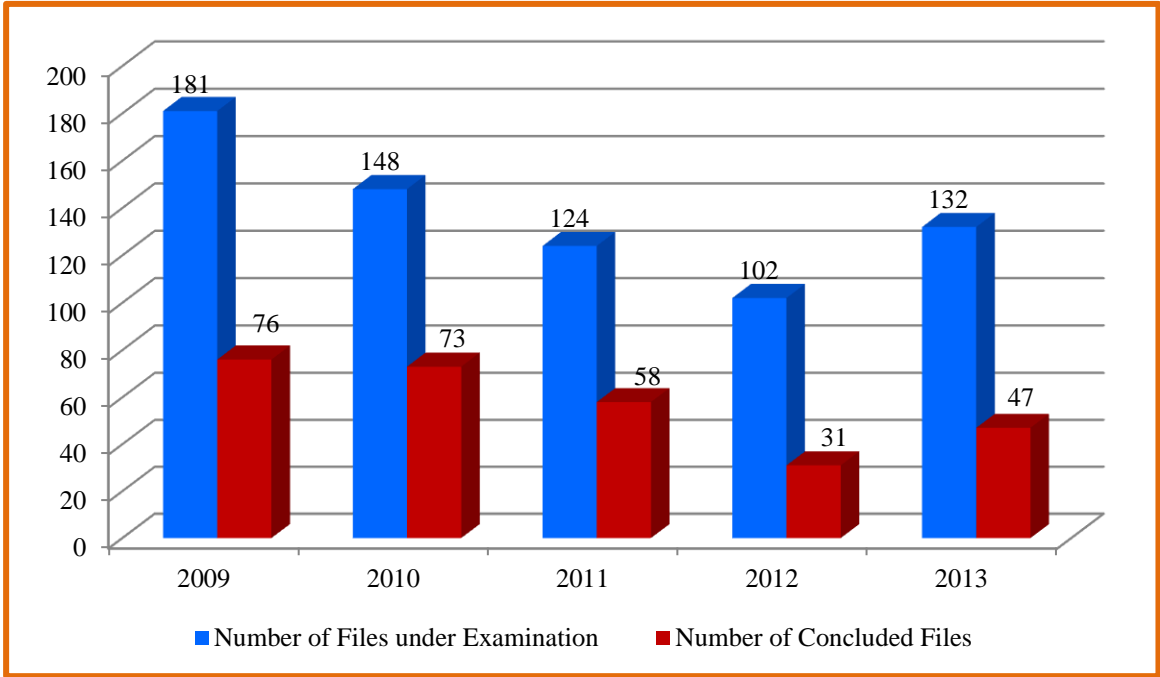
Taking the expertise the work requires into account, the files which are considered to need further examination as a result of evaluations carried out within the scope of laundering offence stated in Article 282 of Turkish Penal Code No.5237 and the files which are decided by MASAK to be directly sent for examination due to their nature are conveyed to the examiners stated in Article 2 of the Law No.5549.

The files subject to examination process are shown below by years.

Table 22- Examination Files Concluded related to Laundering Offence (2009 – 2013)

Year	Number of Files under Examination	Number of Concluded Files
2009	181	76
2010	148	73
2011	124	58
2012	102	31
2013	132	47

Chart 17- Examination Files Concluded related to Laundering Offence (2009 – 2013)



MASAK makes denunciations as a result of both money laundering examinations conducted by examiners, and analyses and evaluations. Those referrals/denunciations are shown together below:

Table 23- Number of Persons Denounced based on the Analysis and Evaluation Files/Examination Files related to Laundering Offence (2009-2013)

Year	Analysis and Evaluation	Examination of Laundering Offence	Total Number of Denunciations
2009	-	115	115
2010	30	356	386
2011	117*	105	177
2012	133	142	275
2013	59	179	238
Total	339	897	1.236

(*) corrected after the shift in the denunciation year of an evaluation file

Chart 18- Number of Persons Denounced based on Files on Analysis and Evaluation/Examination of Laundering Offence (2009-2013)

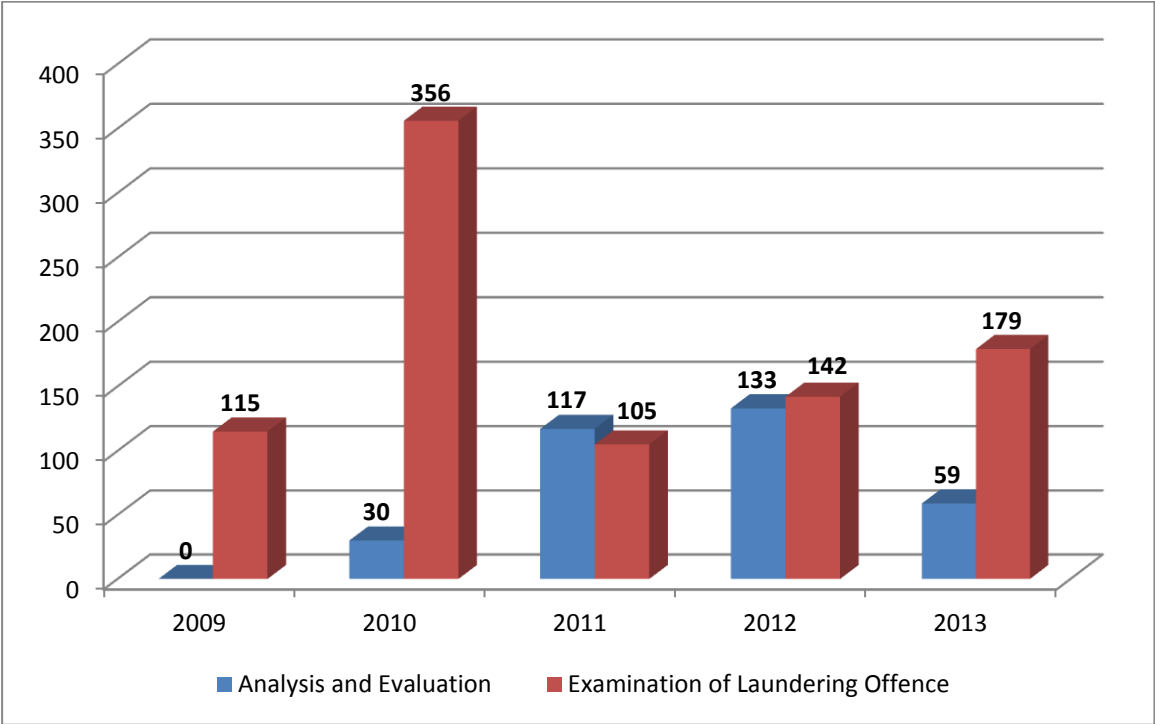


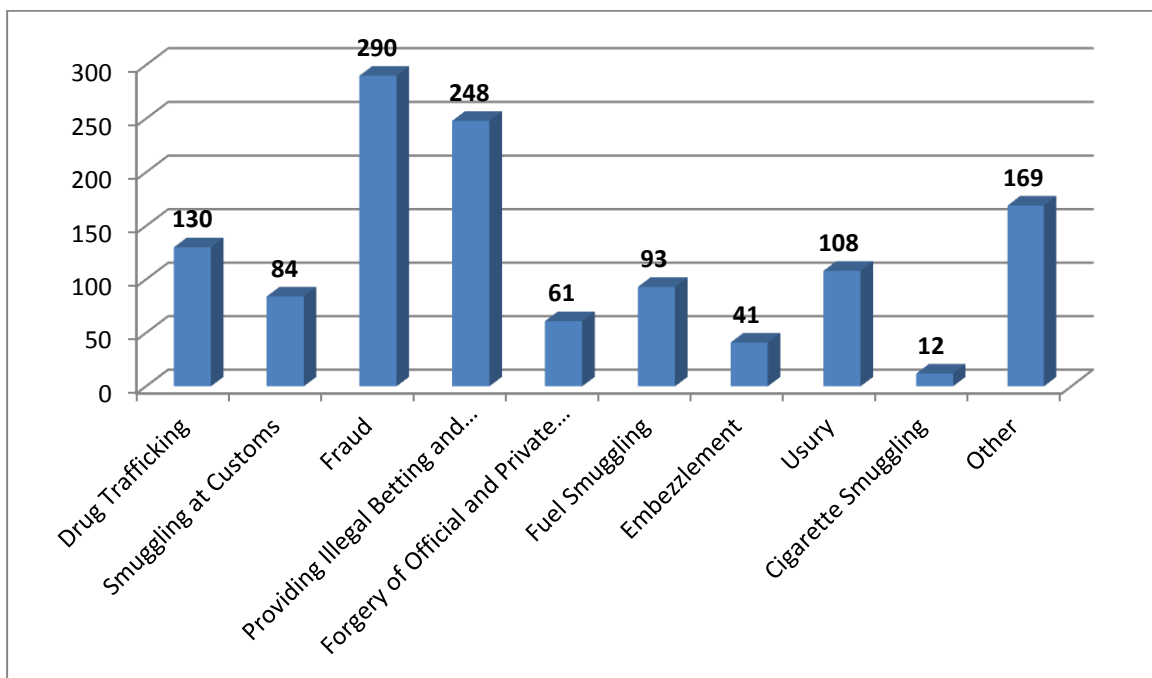
Table 24- Number of Persons Referred/Denounced as to Predicate Offences (2009-2013)

Predicate Offence	2009	2010	2011	2012	2013	Total
Drug Trafficking	53	26	34	1	16	130
Customs Smuggling	-	69	-	-	15	84
Fraud	10	56	77*	140	7	290
Providing Illegal Betting and Gambling Services	-	165	5	37	41	248
Forgery of Official and Private Documents	34	15	8	4	-	61
Fuel Smuggling	-	30	8	26	29	93
Embezzlement	1	10	30	-	-	41

Usury	3	4	31	41	29	108
Cigarette Smuggling	-	-	3	9	-	12
Other	14	11	26	17	101	169
Grand Total	115	386	222	275	238	1,236

* corrected after the shift in the referral/denunciation year of the evaluation file

Chart 19- Number of Persons Denounced as to Predicate Offences (2009-2013)



Between 2009 and 2013, 1236 persons were denounced on grounds of laundering offence and the predicate offences of those denunciations comprised 290 fraud offences, 248 offences of providing illegal betting and gambling services, 130 drug trafficking offences, and 108 usury offences.

2.3. Freezing of Assets Related to Terrorism and Terrorist Financing

2.3.1. Freezing of Assets of Persons Designated by United Nations Security Council Resolutions

Considering the international level of terrorism in recent years, many organizations particularly the United Nations, Council of Europe, World Bank, International Monetary Fund, Financial Action Task Force etc. issue binding or advisory regulations.

Based on the authority given in its Charter to determine common measures and sanctions, the United Nations adopts Security Council Resolutions that bind countries for the prevention of terrorism and terrorist financing.

Those resolutions mostly involve regulations for freezing the assets of certain terrorist organizations or terrorists and people or entities associated with them, and call for cooperation

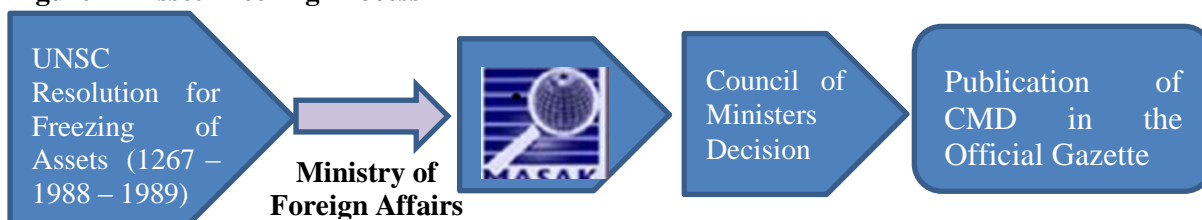
among countries. Of these resolutions, the most important ones are Resolutions 1267 (1999), 1988 (2011) and 1989 (2011).

With the abovementioned resolutions, the persons and entities providing financial support to Al-Qaida and Taliban-linked terrorism have been designated and it has become obligatory for UN members to freeze the assets of those persons or entities.

Article 2 of the Law no. 6415 on Prevention of the Financing of Terrorism defines freezing of asset as removal or restriction of the power of disposition over the asset for the purpose of preventing obliteration, consumption, conversion, transfer, assignation, conveyance and other dispositional actions of the asset.

The process in Turkey for freezing the assets of persons designated by UNSC Resolutions is as follows:

Figure 4– Asset Freezing Process



Within the scope of Article 5 of Law No. 6415 on Prevention of the Financing of Terrorism, Council of Ministers made 5 decisions in 2013 for freezing the assets under the possession of persons and entities designated through the United Nations Security Council Resolutions 1267(1999), 1988 (2011)1 and 1989 (2011) and their successor resolutions.

Table 25– Council of Ministers Decisions for Freezing of Assets

Council of Ministers Date/Number	Official Gazette Date/Number	Explanation
30/09/2013-2013/5428	10/10/2013-28791	Asset freezing decision taken for 416 persons, institutions and organisations
24/10/2103-2013/5583	11/12/2013-28848	Asset freezing decision taken for 2 persons.
24/10/2103-2013/5584	11/12/2013-28848	Asset freezing decision repealed for 1 person
04/11/2013-2013/5576	11/12/2013-28848	Asset freezing decision taken for 1 person
02/12/2013-2013/5691	11/12/2013-28848	Asset freezing decision taken for 1 person.

No assets pertaining to persons and entities designated in the annexes of the abovementioned Council of Ministers Decisions were detected in Turkey.

3. Supervision of Obligations

3.1. Supervisions of Compliance with Obligations

Pursuant to the Law no 5549 on Preventing the Laundering of Proceeds of Crime and related legislation, supervision of obligations is carried out separately or based on a supervision program.

In 2013, supervision of 90 obliged parties commenced and those supervisions were conducted in terms of customer identification, suspicious transaction reporting, developing compliance program (limited to obliged parties required to develop a compliance program) and assigning compliance officers exclusively (limited to obliged parties required to assign compliance officers exclusively).

Supervisions conducted in 2013 including those that commenced in 2012 are as follows:

Table 26– Supervision of Compliance with Obligations (2013)

Obliged Party	Transferring from 2012 completed in 2013	Commenced and completed in 2013	Total
Banks	24	28	52
Capital Market Brokerage Houses	1	13	14
Insurance and Pension Companies	-	6	6
Factoring Companies	6	14	20
Exchange Offices	3	8	11
Financial Leasing Companies	2	-	2
Financing Companies	1	-	1
Money Lenders	2	-	2
Cargo companies	5	-	5
General Directorate of Post	-	1	1
Directorate General of Turkish Mint	-	1	1
Dealers of precious metals, stones and jewelleryes.	-	4	4
Those who buy and sell immovables for trading purposes and intermediaries of these transactions	5	-	5
Dealers and auctioneers of historical artifacts, antiques and works of art.	-	5	5
Total	49	80	129

Within the scope of separately conducted supervision of compliance with obligations, a dealer of precious metals, stones and jewelleryes was also supervised in 2012.

Supervision of obligations are conducted by MASAK in a programmed manner since 2009 and the table on supervision of obligations conducted between 2009 and 2013 is given below:

Table 27- Supervision of Compliance with Obligations by years (2009-2013)

Obligated party	Years				
	2009	2010	2011	2012	2013
Banks	36	-	-	2	52
Capital Markets Brokerage Houses,	21	23	43	11	14
Insurance and Pension Companies	53	-	-	-	6
Factoring Companies	-	16	20	8	20
Financial Leasing Companies	-	3	18	10	2
Financing Companies	-	10	-	1	1
Portfolio Management Companies	-	7	5	4	-
Asset management companies	-	-	6	2	-
Money lenders	-	10	10	1	2
Precious metals exchange intermediaries	-	-	11	8	-
Istanbul Gold Exchange	-	-	1	-	-
Those who operate in the field of lotteries and betting	-	-	6	1	-
Exchange offices	-	-	-	3	11
Those who buy and sell immovables for trading purposes and intermediaries of these transactions	-	-	-	2	5
Cargo Companies	-	-	-	-	5
General Directorate of Post	-	-	-	-	1
Directorate General of Turkish Mint	-	-	-	-	1
Dealers of precious metals, stones and jewelleryes.	-	-	-	-	5
Dealers and auctioneers of historical artifacts, antiques and works of art.	-	-	-	-	5
Total	110	69	120	53	130

3.2 Examinations of Violations of Obligations and Administrative Fines Imposed

Examination of violation of obligation is an individual supervision carried out by the examiners listed in the Law No. 5549 in relation to violations of obligations detected during the supervision of compliance, or reported to or detected by MASAK.

In the event that an act contrary to obligations is detected during the examinations, an administrative fine pursuant to Article 13 of the Law No. 5549 and Misdemeanor Law or a judicial penalty pursuant to Article 14 of the Law is applied depending on the type of the obligation.

Administrative fines are applied to obliged parties violating any of the obligations of customer identification, periodical reporting and suspicious transaction reporting stated in the Articles 3, 6 and 4 (1) of the Law and in addition to that, in cases of violation of the obligations of customer identification and suspicious transaction reporting, an administrative fine is imposed on officials not abiding by the obligations.

When the obligations listed in the Article 5 of the Law no. 5549 are not complied with, MASAK gives obliged parties at least 30 days so that they can remove the deficiencies and take necessary measures. An administrative fine is imposed, based on the mentioned Article, on obliged parties not removing the deficiencies or not taking the necessary measures in the given time.

Tables and charts given below display the administrative fines imposed between 2009 and 2013 in terms of number of obliged parties, violating acts and amounts of administrative fines.

Table 28– Obligated Parties subject to Administrative Fine (2009-2013)

Years	2009	2010	2011	2012	2013
Number of Obligated Parties	15	12	15	21	27

Chart 20- Obligated Parties subject to Administrative Fines (2009-2013)

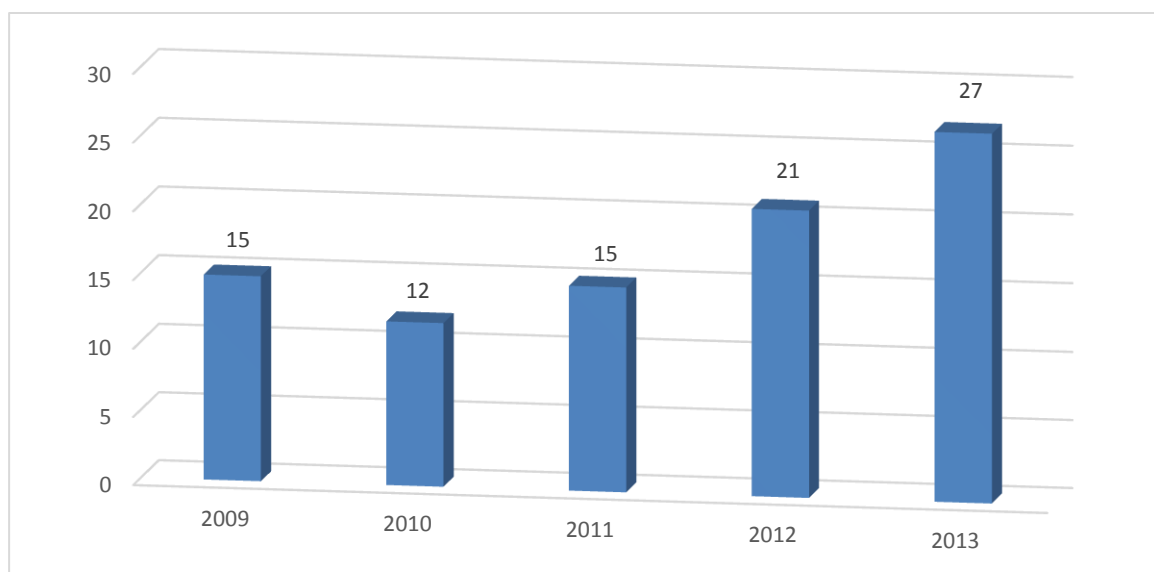


Table 29– Acts subject to Administrative Fines (2009 – 2013)

Obligations	Years				
	2009	2010	2011	2012	2013
Customer Identification	17	127	66	1275	1.239
Suspicious Transaction Reporting	10	5	23	1	12
obligations of training, internal control, control and risk management systems and other measures	-	-	-	-	3
Total number of acts	27	132	89	1276	1.254

Chart 21- Acts subject to Administrative Fines (2009 – 2013)

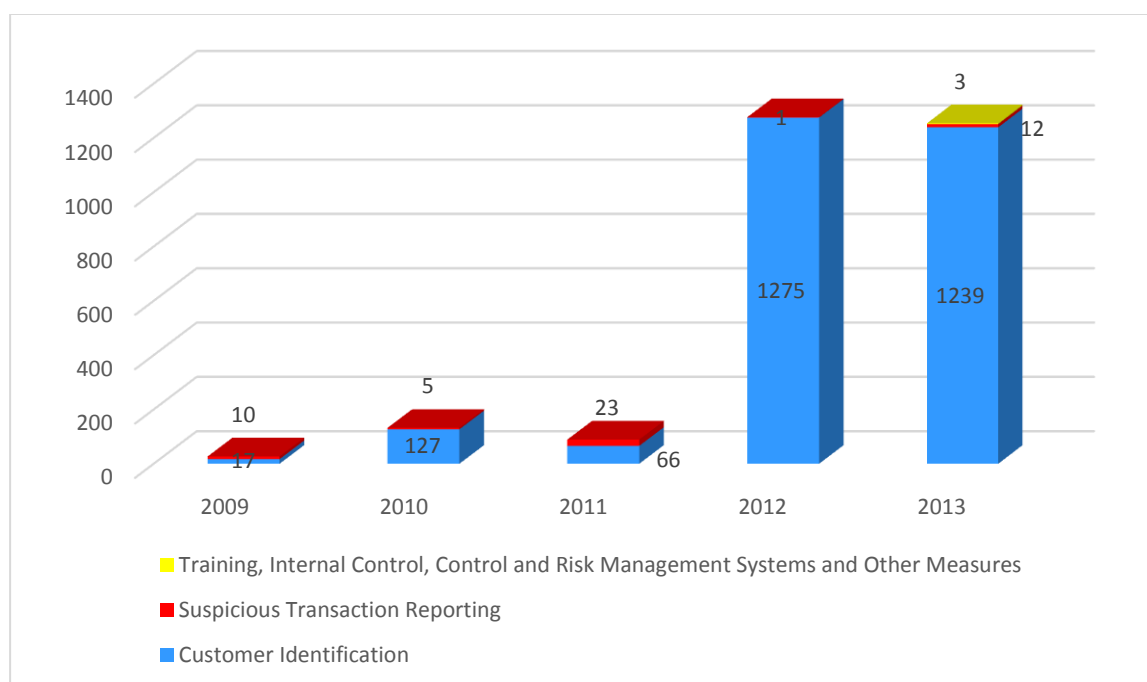
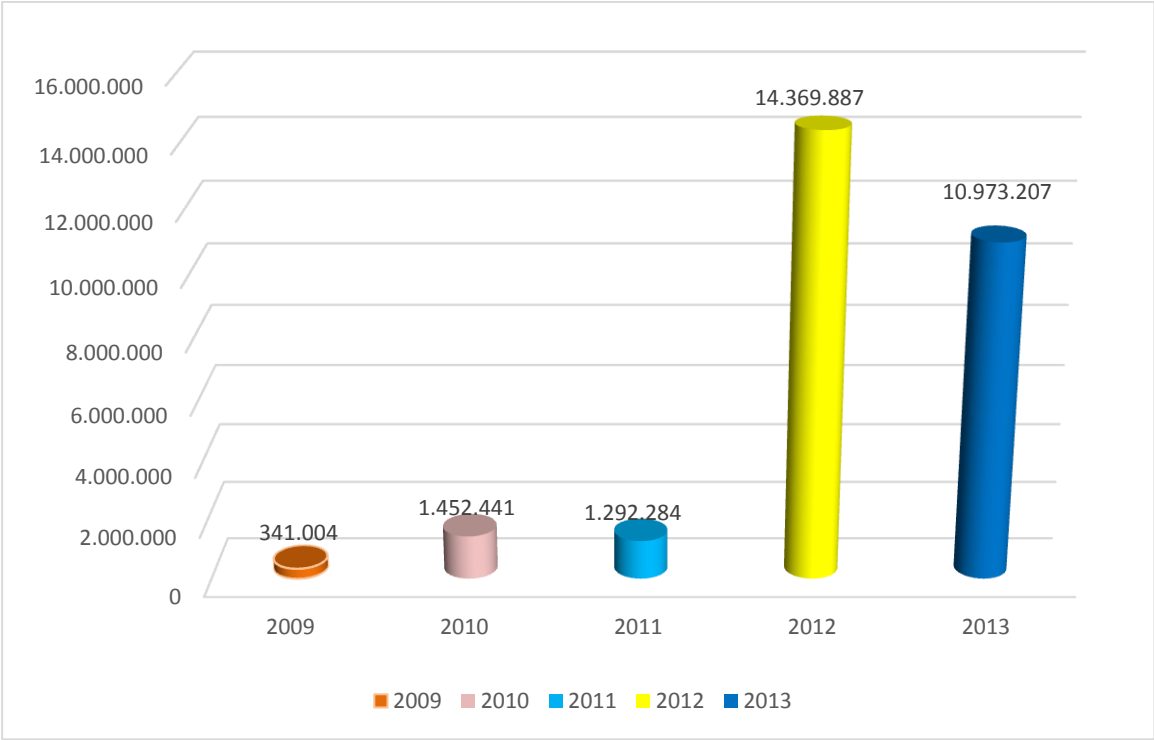


Table 30– Amount of Administrative Fines (2009-2013)

Years	2009	2010	2011	2012	2013
Amount of Fine (TRY)	341.004	1.452.441	1.292.284	14.369.887	10.973.207

Chart 22- Amount of Administrative Fines (2009-2013)



3.3. Judicial Penalties

Judicial penalties are imposed, under Article 14 of the Law No. 5549, on persons who violate any of the obligations stated in the Articles 7, 8 and 4(2) of Law No. 5549 with regard to providing information and documents; retaining and submitting; and not giving information to anybody including the parties of the transaction that they have reported a suspicious transaction to MASAK, other than the examiners assigned to conduct supervision of obligations and the courts during legal proceedings.

The obligations of customer identification and suspicious transaction reporting which are regulated within the scope preventive measures for anti-money laundering and terrorist financing underpin both preventive measures and supervision of obligations. Therefore, these issues are prioritized in the supervision of obligations and the acts contradicting the obligations are punished with administrative fines. On the other hand, the acts punishable with judicial penalties are not the kind of acts that can often be encountered in the supervisions. For this reason, the number of persons punished with a judicial penalty is low compared to ones punished with administrative fines.

As a result of two examinations, seven persons were denounced to Public Prosecutor’s Office by MASAK in 2013 due to violating the obligation of providing information and documents.

The table below shows the number of cases and persons referred to Public Prosecutor’s Office by MASAK between 2011 and 2013. There are no denouncements in 2009 and 2010.

Table 31– Number of Cases and Persons denounced to Public Prosecutor’s Office (2009-2013)

Years	2011	2012	2013
Number of Cases	2	1	2
Number of people	2	2	7

4. Foreign Relations

4.1. FATF -Turkey III. Round Mutual Evaluation Process

FATF, which was founded in 1989 for the purpose of anti-money laundering and which later included combating financing of terrorism and weapons of mass destruction to its field of activity operates in OECD headquarters, and has 36 members composed of 34 countries including Turkey and 2 regional organizations. FATF evaluates its members within the frame of its Recommendations and the Methodology written based on those Recommendations ¹.

Up to now, Turkey has been evaluated three times by the FATF, which were in years 1994, 1998 and 2006. Third Round Evaluation Report of Turkey was discussed and adopted in the FATF Plenary held in Strasbourg on 21-23 February 2007.

Since the evaluation date, Turkey, which was rated non-compliant for 11, partially compliant for 22, largely compliant for 12, compliant for 3 and not-applicable for 1 Recommendation out of FATF's then current 40+9 Recommendations in the III. Round Evaluation Report has made significant progress in terms of legislation and implementation related to remediation of the issues which were criticized and considered as deficiency in the report.

The progresses made relating to the matters criticized in FATF Turkey Evaluation Report are evaluated by follow-up reports submitted to FATF. According to this, it was decided at FATF Plenary Meeting held in February 2007 that, within the scope of regular follow-up², the First Follow-Up Report of Turkey which would state Turkey's progress over the deficiencies noted in the Report would be discussed at FATF Plenary Meeting to be held in February 2009. In the ongoing process, Turkey's succeeding Follow-up Reports were discussed at the following FATF Plenaries: Second Follow up Report in February 2010, the Third Follow-up Report at the FATF Plenary in June 2011, the Fourth Follow-up Report at the FATF Plenary in February 2011, the Fifth Follow-up Report at the FATF Plenary in June 2011, Sixth Follow-up Report at FATF Plenary in October 2011, Seventh Follow-up Report at FATF Plenary in February 2012, Eighth Follow-up Report at FATF Plenary in June 2011, Ninth Follow-up Report in October Twelfth Follow-up Report in October 2013.

¹ The 40 Recommendations on anti-money laundering published by FATF in 1990 were revised and republished in 1996 and 2003. Besides, FATF published 8 Special Recommendations on terrorist financing in 2001 and published the Special Recommendation 9 in 2004. Thus, the total number FATF Recommendations on anti-money laundering and terrorist financing reached 49. Later on, the 9 Special Recommendations were incorporated into the other recommendations as adopted in the FATF Plenary of February 2012 and the recommendations were published again as 40 Recommendations.

² According to the FATF procedures, countries which do not adequately comply with Recommendations 1,5,10 and 13, and Special Recommendations II and IV which are considered as core recommendations by FATF, and countries which do not significantly comply with other recommendations in spite of complying with the core ones are subject to monitoring which is called "regular follow-up". In follow-up process, the relevant country submits, at the end of the second year following the adoption of mutual evaluation report in the Plenary Meeting, a "follow-up report" on recommendations which have been assessed as inadequate. After the discussion of follow-up report at the Plenary Meeting, if it is decided that the country has not made sufficient progress, the country is put under an enhanced follow-up and in this scope, a sanction mechanism is applied. This sanction mechanism may include submission of follow-up reports by the country within periods shorter than a year writing an official letter to relevant Minister explaining the gravity of the situation, paying a high-level visit to the country for the same purpose, and may go so far as terminating the FATF membership.

In the FATF Plenary in June 2011 where the Fifth Follow-Up Report of Turkey was discussed, it was decided that Turkey would be subject to enhanced follow-up as the Draft Law on Prevention of The Financing of Terrorism was not enacted yet although a commitment was made in Action Plan of Turkey³ and consequently the deficiencies regarding Special Recommendation II which sets out terrorist financing offence and Special Recommendation III which sets out freezing procedure regarding terrorist assets were not removed.

After the evaluation of the Seventh Follow-up Report of Turkey at the FATF Plenary of February 2012, it was decided to schedule a high level visit to Turkey on grounds that Law on Prevention of Financing of Terrorism adequately addressing Special Recommendation II and III was not enacted and the visit was made on 21-22 May 2012 by a mission in which the President and Deputy President of FATF also participated. At the FATF Plenary of October 2012 where Turkey's Ninth Follow-up Report was discussed, it was decided to suspend Turkey's FATF membership unless the aforementioned Law was enacted until 22 February 2013 with provisions complying with FATF criteria. The said Law was published in the Official Gazette No. 28561 of 16.02.2013 and entered into force as Law No. 6415 on Prevention of the Financing of Terrorism. Upon this progress, it was decided at the FATF Plenary of February 2013 where Turkey's 10th Follow-up report was discussed that Turkey's membership would not be suspended but since there were still some deficiencies in the said Law, Turkey would submit a report at the Plenary in June 2013 on how it would remove these deficiencies.

At the FATF Plenary of June 2013 where Turkey's 11th Follow-up report was discussed, it was decided that Turkey would submit a report at the Plenary of October 2013 as it was not possible yet to analyze whether the Regulation on the Procedures and Principles Regarding the Implementation of Law on the Prevention of the Financing of Terrorism which entered into force after being published in the Official Gazette No. 28663 of 31.05.2013 and the rulings of the Court of Cassation related to implementation of the terrorist financing offence specified in the Article 4 of the said Law removed the deficiencies of Turkey. It was also decided that FATF Secretariat would make an analysis about Turkey's current state for all the NC and PC ratings given in Turkey's Mutual Evaluation Report of February 2007.

In line with the abovementioned decision, Turkey submitted at the FATF Plenary of October 2013 its 12th Follow-up Report which included the progress made by Turkey in relation to all recommendations with NC and PC ratings and requested its removal from the enhanced follow-up. Assessing the report, the FATF Secretariat noted that Turkey made a progress equal to level of LC for Special Recommendation II, but the deficiencies for Special Recommendation III and Recommendations 5 and 23 still existed. In this regard, it was decided that Turkey would not be removed from the enhanced follow-up process and would report its progress on NC and PC ratings to Secretariat, the Secretariat would assess whether Turkey would be removed from the enhanced follow-up process in February 2014 and the matter would be discussed in the Plenary of February 2014.

³ Please refer to section of "International Cooperation Review Group (ICRG) in FATF-Turkey Relations" for information on Action Plan.

4.2. The Process of “International Cooperation Review Group (ICRG) in FATF - Turkey Relation

1. In G-20 Leaders Summit held in London on 2 April 2009, it was decided that FATF would determine the risky countries in terms of anti-money laundering and terrorist financing and take necessary measures in this respect.
2. It was decided in the G-20 Leaders Summit held in Pittsburgh on 20-25 September 2009 that FATF would publish a list until February 2010 on countries that it determined to be risky in terms of anti-money laundering and terrorist financing.
3. The countries that were determined as risky according to the criteria⁴ set by FATF within the scope of ICRG process were included in a pool of review and the countries under this scope were divided into Africa-Middle East, America, Asia-Pacific and Europe-Eurasia Regional Observation Groups based on their geographical location.
4. Turkey, having 9 partially compliant and 1 non-compliant ratings out of 16 core and key principles according to the III-Round Mutual Evaluation Report of Turkey published by FATF in 2007 and thus, having a total of 10 ratings that are either partially compliant or non-compliant, was automatically referred to pool of review based on the referral criteria and was included in the Europe-Eurasia Regional Review Group.
5. The review report drawn up in this scope stated that “the arrangements regarding the scope and elements of the terrorist financing offence in the current legislation of Turkey are deficient and insufficient, and there is not any arrangement with regard to freezing procedures for terrorist assets.”
6. In order to remedy the deficiencies stated in the report, Turkey drew up an action plan and submitted it to FATF on 18 January 2010. In the action plan; it was stated that a draft law would be drawn up to remedy the deficiencies regarding terrorist financing and freezing procedure, and that draft was expected to be sent to Turkish Great National Assembly until June 2010 and become a law by the end of 2010.
7. In accordance with the action plan submitted to FATF; under the coordination of Ministry of Justice, a draft law on terrorist financing was prepared by efforts of the authorities from Ministries of Justice, Interior and Foreign Affairs, MASAK and Undersecretariat of Treasury, and the scholars and the draft was sent to Prime Ministry by Ministry of Justice in June 2010.

⁴ The criteria used for subjecting countries to a review process within the scope of ICRG are as follows:

- a) being nominated by FATF or FATF Style Regional Bodies (FSRB),
- b) automatic referral if, according to the Mutual Evaluation Report of the Country, the ratings of ten or more of the 16 Recommendations which are called “core” and “key” recommendations (Recommendation 1, 3, 4, 5, 10, 13, 23, 26, 35, 36, 40 and Special Recommendation I, II, III, IV and V) are partially compliant (PC) or non-compliant (NC),
- c) automatic referral based on non-participation in FATF or FSRBs, or not agreeing to publish its Mutual Evaluation Report

- 8.** Since some of the articles of the draft needed to be revised in legal and technical terms, some amendments were made in the draft by the joint work of the authorities from Ministries of Justice, Interior and Foreign Affairs, MASAK and Undersecretariat of Treasury, and the scholars and the revised draft was sent by Ministry of Justice to the Prime Ministry on 20.12.2010. The Draft Law submitted to Turkish Great National Assembly by the Prime Ministry on 01.02.2011 could not be enacted as the Turkish Great National Assembly was closed in April 2011 due to general elections to be held in June 2011.
- 9.** After Turkish Great National Assembly (TGNA) started its new legislative session on 01.10.2011, the concerning Draft Law was sent to TGNA once more on 21.10.2011.
- 10.** In 2011 FATF Plenary Meeting held in Mexico in June, with regard to the Action Plan Turkey submitted to FATF, it was decided that Turkey should be put into Public Statement⁵ as the Draft Law was not enacted although one year passed after its commitment and for this reason there were no progresses made.
- 11.** The new legislative session of the TGNA started on 1 October 2011, and the Draft Law which could not be enacted in the previous session was sent to TGNA on 21 October 2011 in the new legislative session.
- 12.** TGNA Justice Commission discussed the Draft Law on 22 March 2012 and decided to refer it to sub-commission. The sub-commission discussed it on 17-18 April 2012 and made some amendments. Upon the report by the sub-commission, the Justice Commission concluded its general discussion on the Draft Law on 2 May 2012.
- 13.** In line with the decisions made at the FATF Plenary in February 2012, a high-level mission comprised of the FATF President, Secretariat and delegation of some member countries visited Turkey on 21-22 May 2012 and held meetings with the Minister of Justice, Minister of Finance, and members of the TGNA Justice Commission.
- 14.** Meanwhile, the legislative session ended and the TGNA closed on 04 June 20012. Therefore, the commission meetings where they discussed the Draft Law on the Prevention of Financing of Terrorism on article basis could not be completed.
- 15.** The first Plenary and Working Group meetings of FATF's 24th term were held in Paris on 15-19 October 2012. At the Plenary, it was noted that Turkey still had not enacted the Draft Law on the Prevention of Financing of Terrorism which was promised in the action plan submitted to FATF and therefore had not made enough progress, and it was decided to suspend Turkey's FATF membership unless the aforementioned Law passed until 22 February 2013 with provisions complying with FATF criteria.
- 16.** The Draft Law on the Prevention of Financing of Terrorism was adopted on 07.02.2013 at the TGNA Plenary. Law No. 6415 on the Prevention of Financing of

⁵ Public Statement is a document that FATF publishes the list of jurisdictions subject to a FATF call on its members and other jurisdictions to apply countermeasures to protect the international financial system from the on-going and substantial money laundering and terrorist financing (ML/TF) risks emanating from the jurisdictions (1.group list) and jurisdictions with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies (2. Group list). These jurisdictions are; 1. group: Iran and North Korea, 2.group: Cuba, Bolivia, Ethiopia, Kenya, Myanmar, Nigeria, Sao Tome and Principe, Sri Lanka, Syria and Turkey.

Terrorism entered into force after its publication in the Official Gazette No. 28561 of 16.02.2013.

17. The second Plenary and Working Group meetings of FATF's 24th term were held in Paris on 18-22 February 2013. The Plenary decided that Turkey's membership would not be suspended as the Draft Law on Prevention of the Financing of Terrorism which was promised in the Action Plan submitted to FATF was enacted but since there were some deficiencies, Turkey would submit a report at June Plenary in 2013 on how it would eliminate those deficiencies.
18. Regulation on the Procedures and Principles Regarding the Implementation of Law on the Prevention of the Financing of Terrorism entered into force after being published in the Official Gazette No. 28663 of 31.05.2013.
19. The third Plenary and Working Group meetings of FATF's 24th term were held in Oslo on 17-21 June 2013. The Plenary stated that it welcomed the enactment of the Regulation on the Procedures and Principles Regarding the Implementation of Law on the Prevention of the Financing of Terrorism and the rulings by the Court of Cassation related to implementation of the terrorist financing offence specified in Article 4 of the said Law and decided that Turkey would submit a report at the Plenary in October 2013 as whether Turkey had removed its deficiencies couldn't be analysed yet.
20. Upon the report which Turkey, based on the decision made at the Plenary of June 2013, submitted at the first Plenary of FATF's 25th term held in Paris on 14-18 October 2013, the Plenary stated that Turkey had taken steps for improving its terrorist financing regime by issuing Decisions of Council of Ministers implementing the UNSC Resolutions 1267, 1988 and 1989, but it needed to take further steps for implementing an adequate legal framework for detecting and freezing terrorist assets in accordance with UNSC Resolutions 1267 and 1373, and for adequately criminalizing the financing of terrorism.

4.3. Memoranda of Understanding (MOUs) Signed with Counterpart Institutions

Under the Article 12 of the Law No.5549, President of MASAK is authorized to sign the memoranda of understanding, which are not in the nature of international agreement, with foreign counterparts and to amend the memoranda of understanding signed in order to ensure exchanging information within the scope of duties of the Presidency and the signed memoranda of understanding and their amendments enter into force by the Decision of Council of Ministers.

In this framework, MASAK has signed 41 MOUs with the financial intelligence units. Their dispersions as of years and countries are as follows:

- In 2006; Turkish Republic of Northern Cyprus
- In 2007; Indonesia, Portugal and Sweden
- In 2008; Mongolia, Afghanistan, Georgia, Albania, Syria and Romania
- In 2009; Croatia, Macedonia, South Korea and Bosnia Herzegovina
- In 2010; Japan, Ukraine, Norway, Jordan, Senegal and Luxembourg
- In 2011; Belarus, United Kingdom, Canada, Monaco, Finland, Australia
- In 2012; USA, Holland, Belgium, Poland, Malaysia, Kosovo, Russia Federation, Republic of The Philippines.

- In 2013; South Africa, Germany, Tunisia, Turkmenistan, Denmark, Saudi Arabia, Morocco.

4.4. Meetings Abroad

MASAK participated in the following meetings held abroad in 2013:

- Plenary and working group meetings held in Belgium (Ostend) by EGMONT GROUP.
- “Financial Investigation on Terrorism Workshop” held Bosnia/Hezegovina -Sarajevo.
- ICRG (International Cooperation Review Group) meetings held in Paris by FATF.
- Regional Conference on Strategic priorities in the cooperation against cybercrime Regional Conference, Dubrovnik.
- Consultation Meetings between Denmark-Sweden and Turkey on combating money laundering held in Copenhagen and Stockholm.
- Plenary and working group meetings held in Paris by FATF in February/2013.
- Matra Pre-Accession Training on Rule of Law (MATRA PATROL) in the framework of bilateral cooperation between Turkey and Holland held in Hague.
- Meeting of the Horn of Africa Region Capacity-Building Working Group—Countering Terrorist Financing by Co-chairs, the European Union (EU) and Turkey in Addis Ababa, Ethiopia.
- 56th Session of the Commission on Narcotic Drugs (CND) organized by the United Nations Office on Drugs and Crime (UNODC) of Vienna.
- Meeting held in Paris by OECD Tax Crimes and Other Crimes Forum.
- Meeting on prevention of abuse of the non-profit sector for the purposes of terrorist financing by the Counter-Terrorism Committee Executive Directorate (CTED) held in New York.
- Meeting on “Management of Public Finance” in Holland.
- Regional Seminar on Applicable Procedures in Combating Money Laundering through Smuggling Large Amount of Cash, Cash Couriers and Trade held in Riyad.
- Closing Conference of CyberCrime@IPA Project Jointly Financed by EU and the Council of Europe held in Budva/Montenegro.
- 18th EAG Plenary and Working Group Meeting held in Belarus.
- Anti-Terrorism Working Group Meeting in Berlin.
- Meeting on Enhancement of Coordination and Cooperation for Combating Terrorism in Sahel Region held in London.
- Arab Forum on Asset Recovery held in Egypt.
- Fifth Meeting of Parties to CETS 198 held in France.
- MOU Signing Meeting between Turkmen and Turkish FIUs in Turkmenistan.
- FATF 2013 Plenary and Workshops by FATF in Norway.
- 2nd Meeting of Sahel Capacity Improvement Group within Global Forum on Anti-Terrorism held in Algeria.
- Egmont Group Plenary and Workshops held in South Africa.

- EU-Turkey Consultation Meeting on Anti-Terrorism held in Brussels.
- Coordination Meeting on Combating Terrorism, Organized Crime, Human Smuggling, Illegal Trade of Drug and Psychotropic Substances held in Cologne.
- 7th Meeting of Asset Recovery Working Group of UN Convention against Corruption.
- Meeting on Conflict of Interest in Fighting against Corruption held in Brussels.
- Meeting on Investigation on Tax Crimes as Predicate Offence, Data Collection and Analysis in Combating Economic Crimes held in Tbilisi/Georgia.
- Meeting on Developing Awareness for Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198) held in Armenia.
- Workshop on Financial Analysis by Egmont group held in France.
- Meeting on Economic Crimes by EU-TAIEX held in Hague.
- FATF 2013 Plenary and Workshops held in Paris.
- 19th Plenary and Working Group Meeting by EAG held in Ashgabat/Turkmenistan.
- Meeting Financial Links of Afghan Oriented Drug Production and Trade held in Qatar.
- Participation to Information Technologies Activity held in Barcelona/Spain.
- Meeting on “Russia-Turkey Consultations on Combating Terrorism” held in Moscow by Ministry of Foreign Affairs.

5. Training and Informing Activities and Other Activities for Increasing Public Awareness

Execution by obliged parties of preventive measures introduced with regard to anti-money laundering and terrorist financing is very important in terms of revealing and preventing the laundering acts, and preventing the use of financial system as an instrument in commission of these crimes. In order to increase obliged parties’ awareness of preventive measures and ensure that they implement these measures, MASAK carries out training activities for obliged parties. Furthermore, the activities for ensuring cooperation and coordination between regulatory and supervisory bodies participating in combating terrorist financing and the law enforcement bodies and activities for informing examiners continue to be carried out intensely.

Mehmet ŞİMŞEK Minister of Finance, İdris Naim ŞAHİN Minister of Interior, Hayati YAZICI Minister of Customs and Trade and large representative group from various institutions and organizations participated in the Panel on “Economics of Crime, Fighting Methods and Turkey Assessment” organized by MASAK and Gazi University Faculty of Economics and Administrative Sciences on 09.01.2013.

MASAK organized 5 workshop for 76 participants from the inspection groups of Ministry of Customs and Trade, Banking Regulation and Supervision Agency, Tax Inspection Board, Capital Markets Board, Treasury Comptrollers Board in 2013. 294 representatives from the Banks Association of Turkey, Insurance Association of Turkey, Turkey Capital Markets Association, Financial Leasing, Factoring and Financing Companies Association participated in 4 workshops organized for obliged parties.

On the other hand, besides 46 representatives from public institutions, 3 senior officials, 5 finance experts, 6 assistant finance experts, 1 branch manager and 2 chiefs from MASAK

participated in the seminar on “Training of Trainers in Combating Financing of Terrorism” held on 14-18.12.2013.

Mutual cooperation activities between Financial Intelligence Units continued in 2013 as well. In the framework of cooperation between Turkish National Police and TİKA (Turkish Cooperation and Coordination Agency), training program of 8 hours was organized for 27 persons from Turkmenistan and Turkish Police on “Fighting against Money Laundering and Financing of Terrorism”. 2 Finance Experts carried out this training activity on 02.10.2013.

5.1. In-house Trainings

In the framework of MASAK 2013 On-the-job Training Program, trainings titled as “2013 On-the-job Training Plan and Application Procedure” were carried out in two periods on 10-17.11.2013 and 17-24.11.2013. The program included Integrated Financial Intelligence System (EMİS) applications, MASAK.ONLINE applications, MASAKADEMİ, use of data analysis tools, data security and use of tools of information technologies. 134 personnel from MASAK participated in two training periods carried out in 30 hours each.

5.2. Training Activities for MASAK Personnel and Meetings Attended

MASAK personnel took training from other institutions in 2013. They are stated below;

- 2 branch directors on “personal development” and “diction and speaking ability before a group of people”; 1 branch director and 1 data preparation and control operator on “occupational knowledge and ability”; and 49 finance experts in the framework of “Finance Experts Training Program” took training from Ministry of Finance Center for Higher Training (MAYEM).
- Wilk Wiev of Turkey gave “Wilk Wiev Users Training” for 3 engineers and 2 revenue experts of MASAK; and Barikat Bilgi Güvenliği Bilişim Tic.Ltd.Şti. gave training on “Check Point Firewall Installation” for 2 engineers and 3 revenue experts of MASAK.
- 1 engineer, 2 computer operators, 1 programmer, 3 revenue experts and 1 assistant state revenue expert participated in the training on “microsoft sytems’ security”, “windows security”, security of active tools”, “tcp/ip basis and security”, “fight with dos”, and “attack and defense methods” organized by TUBİTAK.
- 3 engineers, 1 computer operator, 1 programmer, 5 assistant revenue experts took training on “web application security, users security”, “security of operation systems on Linux basis”, “Oracle database security”, “developing secure software”, and “management systems of information security” from TODAİE.
- 35 personnel among finance experts and administrative staff from MASAK attended to the workshops, meetings and panels organized by various institutions and organizations such as Turkish National Police, Police Academy, Ministry of Justice General Directorate of International Law and Foreign Affairs, Ministry of Finance EU and Foreign Affairs, Ministry of Interior Department of Smuggling, Intelligence, Operations and Information Gathering, Prime Ministry Council Of Ethics For Public Service, Banking Regulation and Supervision Agency, High Council of Judges and Prosecutors, Ministry of European Union, Undersecretariat of Public Order and Security and Groupama Pension A.Ş. held on different dates.

5.3. Training Activities for Obligated Parties and Other Public Institutions

Activities for training the personnel of financial institutions and other obliged parties about anti-money laundering and terrorist financing obligations introduced by Law No. 5549 and related secondary legislation continued intensely in 2013 as well.

In this scope, MASAK provided training on AML/CFT obligations in Ankara and Istanbul for financial leasing companies, Istanbul Stock Exchange, courier companies, The Central Bank of The Republic of Turkey, Development Bank of Turkey and General Directorate of Post. Besides, training for trainers programme was provided to the authorities of insurance companies, capital market intermediary institutions, factoring and financial leasing companies. MASAK also carried out training activities for relevant law enforcement units involved in the fight against money laundering and terrorist financing.

Additionally, MASAK provided trainings including its experiences and knowledge for the authorities of Turkmenistan in order to make contributions to the creation of necessary institutional and legal infrastructure in combating laundering and terrorist financing in 2013.

In this scope, information on training activities provided in 2013 by MASAK is given below.

Table 32– Training and Information Activities (2013)

The Agencies Participated in Training Activities	Number of Training Activities	Training Hours	Number of Trainers	Number of Participants
Obligated Parties	8	35	13	386
Law Enforcement Units	26	131	29	1.288
Inspection Units	5	14	5	130
Total	39	180	47	1.804

5.4. Publications Issued by MASAK

3 publications were issued by MASAK in 2013:

- MASAK Publication No.22 on “Economics of Crime, Fighting Methods and Turkey Assessment” output of a Panel organized by MASAK and Gazi University Faculty of Economics and Administrative Sciences.
- MASAK Publication No.23 on “International Conventions and Recovery of Illicit Assets in the Framework of EU Law and Country Implementations and Comparison with Turkey” by Finance Expert Mehmet Onur YURDAKUL.
- MASAK Publication No.24 on “Financial System Structures, Instruments and Operations” by Finance Expert Hüseyin GÜLTEKİN.

6. Information Technologies and Communication Activities

MASAK considerably carries out its duties and activities in the scope of the Law No.5549 based on information systems.

MASAK Information Systems Strategy is comprised of steps as vision determination, planning necessary activities and putting the planned activities into effect. Within the scope of concerning strategic vision studies, it is necessary to discuss continuously the information systems activities with reengineering understanding, to determine the other FIU samples in the world relating to information technologies, to take into consideration the implementations in the form of international recommendations concerning EU Acquis and FATF standards, to examine the structure of the information systems in the other public institutions in Turkey and the technologic and academic developments in this field and to carry out the studies in continuance.

Today, e-state concept is described as using information and communication technologies in maximum in internal institutional process of the state and its services. E-state is the model state ensuring to carry out conventional services in electronical environment, adopting more effective, simple, participatory and transparent governance approach, minimizing red-tape, shortening work-flows and realizing institutional communication in electronic environment

As the result of the analysis of requirements conducted in 2012, it has emerged that MASAK information systems should be re-established paying regard to principles such as “uninterrupted service”, easy management” and “efficient use of system resources” in accordance with National Plans and Programs, e-Transformation Turkey Project and Information Society Strategy. Accordingly, “Enhancement Program of Administrative Capability” and “MASAK IT Modernization Program” has been prepared and started to be implemented in 2013.

The activities carried out in 2013 are stated below as per titles “Project Activities” and “Developing Software”.

6.1. Enhancement Program of Administrative Capability

6.1.1. Installation of Business Continuity Center

Activities of MASAK information technologies are performed through the systems in available database center. One of the components of “MASAK IT Modernization Program” is to install “Business Continuity Center of MASAK” by aiming at providing uninterrupted business service.

In this scope, a business continuity center has been installed within the Tax Inspection Board to ensure continuity of work-flows of MASAK, to carry out requirements and to protect institutional reputation.

6.1.2. Installation of Disaster Recovery Center

A disaster recovery center has been installed within the premises of Konya Revenue Administration in order to minimize risks to be exposed by IT systems and work processes of MASAK in case of any disaster.

6.1.3. Electronic Archive Service

The documents in MASAK’s archive have been scanned and an electronic archive has been established. Full text search can be performed through the search engine EMİSPEDİA which was developed on EMİS (Integrated Financial Intelligence System).

6.1.4. Maintenance and Operational Support Services

In the framework of maintenance of hardware, network and security systems, MASAK provided license and update services for the products of the system, and operational and technical support services.

MASAK website and intranet were redesigned and made available to access in 2013.

6.1.5. Modernization of Security Infrastructure:

In the framework of Modernization of Security Infrastructure, following activities were conducted:

- Supplying multi-functional printers ensuring secure printing by verifying identity through card reader, scanning and copying to use in MASAK Information Systems,
- Supplying new model scanners to scan incoming documents for archives ensuring daily record of all scanning for security,
- Supplying a software for secure printing to determine, apply and monitor security policy of printing, copying and scanning,
- Supplying a backup unit with disk and relevant software license to carry out effective backup in the framework of MASAK data security processes,
- Installing gates requiring identity-card check in the framework of control of entry and exit from or to MASAK data processing center and data center,
- Supplying maintenance and guarantee services of URF filtration system of MASAK for 3 years,
- TÜBİTAK security audit.

Modernisation of Information System Security Infrastructure was completed under the scope of Modernisation Project.

6.2. Software Development Activities

6.2.1. MASAK.ONLINE Data Transfer System

A new module was developed for management of requests of information within MASAK.ONLINE system and it was integrated into EMIS.

6.2.2. Human Resources Module

Redesigning process of human resources module was initiated in 2012 and supply analysis of the module was completed in 2012 as well.

Design of human resources module was completed and operated as a result of testing in 2013.

6.2.3. STR Analysis Module

There is a need for developing a tool ensuring filtration, examination, analysis of STRs recorded in MASAK database by considering predicate offences and other criteria. To this end, there is a strong component developed in EMIS. MASAK has formed specialized commissions for STR analysis as per predicate offences and they have dealt with STRs in line with their subject matters in bulk.

In the light of this view, a STR analysis module has been developed for classifying STRs, conveying them to experts in particular reporting format and searching them on the basis of sophisticated criteria.

6.2.4. MASAK Search Engine System

In the framework of routine activities of MASAK, some basic work objects and data pertaining to their qualifications have been produced. The basic work objects are composed of documents (and their annexes), reports, referrals, investigation files. Basic information on

them is recorded into database structurally and they can be searched on the basis of full text search and accessed through EMÍSPEDÍA.

C. Performance Results

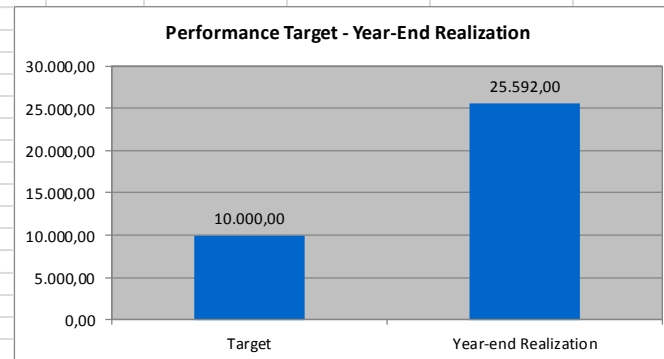
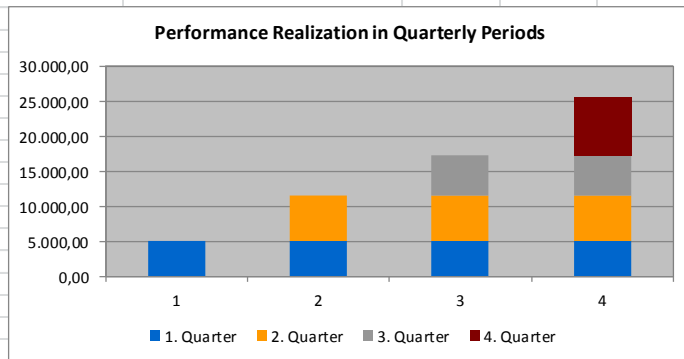
1. Table on Performance Results

The tables relating to realization value of MASAK performance indicators stated in 2013 Ministry of Finance Performance Program are as follows.

MONITORING REPORT ON PERFORMANCE INDICATOR REALIZATION

Year 2013
Unit 12.00.35.00 / MASAK
Performance Target Risk-based analysis and supervision will be carried out in combating money laundering and terrorist financing effectively

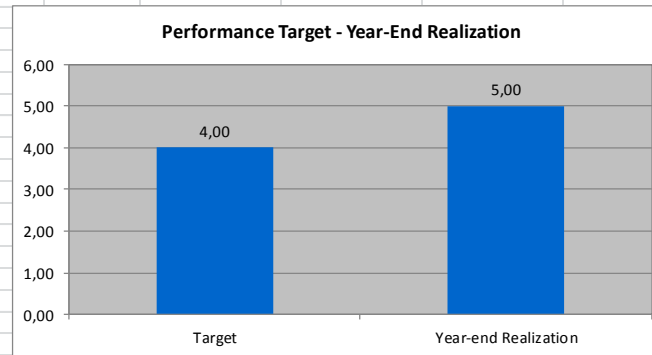
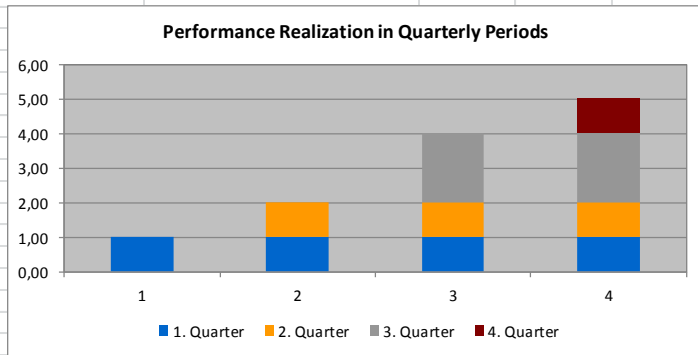
Strategic Purpose	To broaden registered economy and to mitigate financial crimes								
Strategic Target	To combat laundering of proceeds of crime and financing of terrorism								
Performance Indicator	Target	Realized				Year-end Realization	Realization Ratio of Target (%)	Deviation Ratio of Target (%)	Degree of Attaining Target
		1. Quarter	2. Quarter	3. Quarter	4. Quarter				
Number of STRs Received (Number)	10.000,00	5.174,00	11.593,00	17.344,00	25.592,00	25.592,00	255,92	155,92	Target Exceeded
Definition	One of the most important activities within the scope of prevention of laundering proceeds of crime and terrorist financing is to receive, analyze and evaluate STRs received. For this reason, the number of STRs received is specified as performance indicator.								
Source of Indicator	Data Collection and Analysis Groups								
Analysis of Performance Results									
Reason of Deviation	Continuing training activities for obliged parties and making efforts to establish capacity to receive STRs in electronic environment have given positive results more than expectations.								
Measures to be taken against Deviation									



MONITORING REPORT ON PERFORMANCE INDICATOR REALIZATION

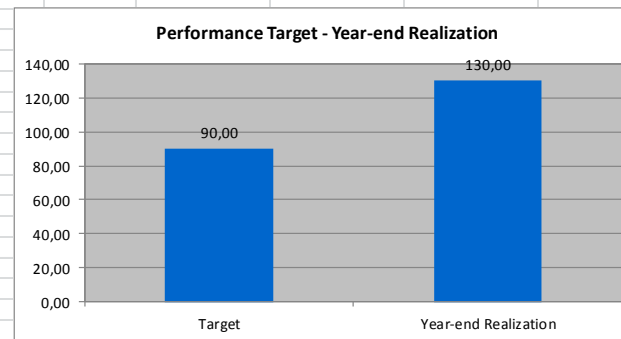
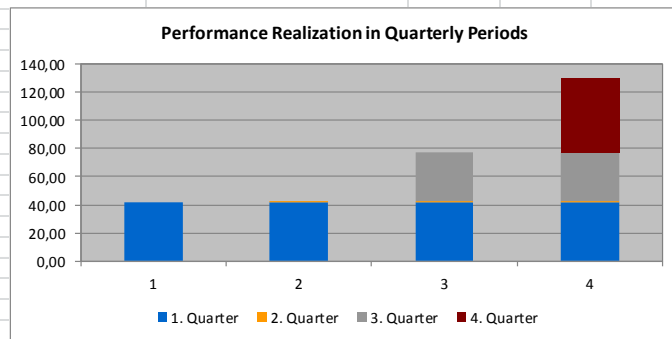
Year 2013
Unit 12.00.35.00 / MASAK
Performance Target Risk-based analysis and supervision will be carried out in combating money laundering and terrorist financing effectively

Strategic Purpose	To broaden registered economy and to mitigate financial crimes								
Strategic Target	To combat laundering of proceeds of crime and financing of terrorism effectively								
Performance Indicator	Target	Realized				Year-end Realization	Realization Ratio of Target (%)	Deviation Ratio of Target (%)	Degree of Attaining Target
		1. Quarter	2. Quarter	3. Quarter	4. Quarter				
The number of report and information note drawn up as a result of general analysis	4,00	1,00	2,00	4,00	5,00	5,00	125,00	25,00	Target Exceeded
Definition	The number of report and information note drawn up in the framework of promoting effectiveness through informing of work process or subject in general analysis of money laundering and terrorist financing.								
Source of Indicator	General Analysis Group								
Analysis of Performance Results									
Reason of Deviation	Target effectively attained. The deviation is usual.								
Measures to be taken against Deviation									



MONITORING REPORT ON PERFORMANCE INDICATOR REALIZATION

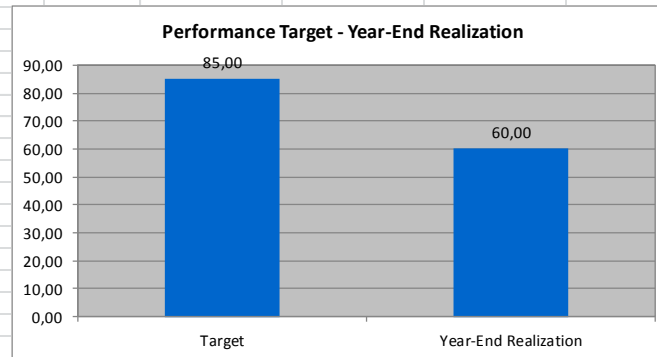
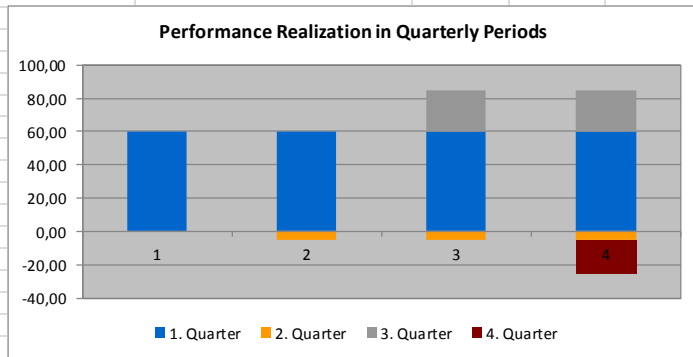
Year	2013								
Unit	12.00.35.00 / MASAK								
Performance Target	Efficiency will be provided in combating offences of laundering proceeds of crime and terrorist financing								
Strategic Purpose	To broaden registered economy and to mitigate financial crimes								
Strategic Target	To combat laundering proceeds of crime and financing of terrorism effectively								
Performance Indicator	Target	Realized				Year-end Realization	Realization Ratio of Target (%)	Deviation Ratio of Target (%)	Degree of Attaining Target
		1. Quarter	2. Quarter	3. Quarter	4. Quarter				
Number of obliged parties inspected	90,00	42,00	43,00	77,00	130,00	130,00	144,44	44,44	Target Exceeded
Definition	Some obligations have been set up under the Law No.5549 and relevant legislation within the scope of preventive measures in combating money laundering and financing of terrorism. The number of obliged parties inspected will be monitored in the framework of determination of compliance with obligations by obliged parties.								
Source of Indicator	Inspection of Obligation Group								
Analysis of Performance Results									
Reason of Deviation	In 2013, the target of "the number of obliged parties inspected" was determined on the basis of inspection program of compliance with the obligations to be carried out. Total number of obliged parties inspected became 130 over the target 90 in 2013 including inspection of compliance not concluded in 2012. Average of the numbers of obliged parties inspected in 2012 (53) and in 2013 (130) is 91,5. It verifies this situation.								
Measures to be taken against Deviation									



MONITORING REPORT ON PERFORMANCE INDICATOR REALIZATION

Year 2013
Unit 12.00.35.00 / MASAK
Performance Target Efficiency will be provided in combating offences of laundering proceeds of crime and terrorist financing

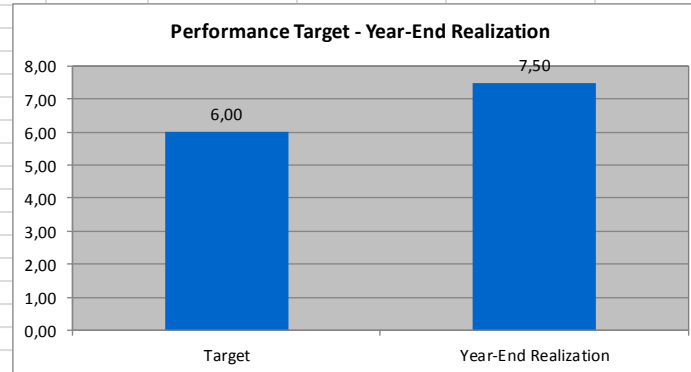
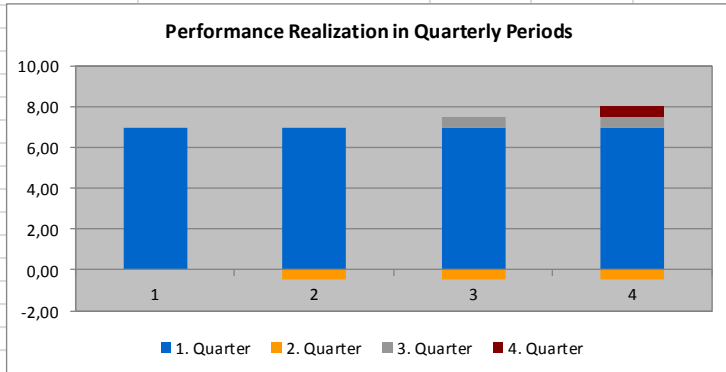
Strategic Purpose	To broaden registered economy and to mitigate financial crimes								
Strategic Target	To combat laundering proceeds of crime and financing of terrorism effectively								
Performance Indicator	Target	Realized				Year-End Realization	Realization Ratio fo Target (%)	Deviation Ratio of Target (%)	Degree of Attaining the Target
		1. Quarter	2. Quarter	3. Quarter	4. Quarter				
Number of files brought to trial / Number of files denounced (%)	85,00	60,00	55,00	80,00	60,00	60,00	70,59	-29,41	Target Not Attained
Definition	It defines the number of denunciations brought to trial in laundering offences. This ratio is desired to be %100. This situation means that the public prosecutors and the courts find the denouncement reports adequate to bring lawsuit.								
Source of Indicator	Examination Group								
Analysis of Performance Results									
Reason of Deviation	Of the second quarter of 2013, number of files denounced to Public Prosecutors Office was 4 and the number of files brought to trial was 1. The decrease to 25% negatively effected the annual average.								
Measure to be taken against Deviation									



MONITORING REPORT ON PERFORMANCE INDICATOR REALIZATION

Year 2013
Unit 12.00.35.00 / MASAK
Performance Target Efficiency will be provided in combating offences of laundering proceeds of crime and terrorist financing

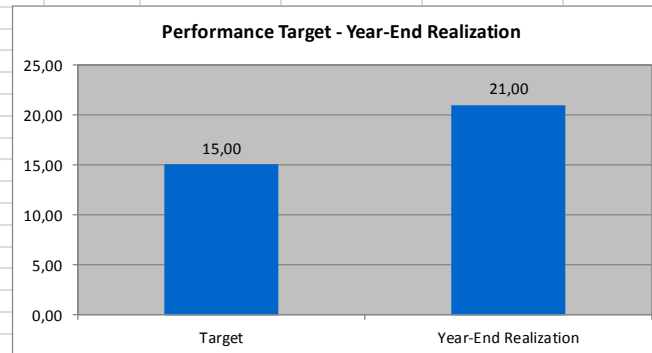
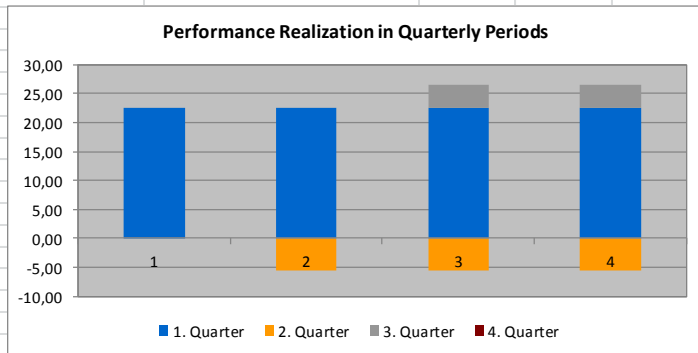
Strategic Purpose	To broaden registered economy and to mitigate financial crimes								
Strategic Target	To combat laundering proceeds of crime and financing of terrorism								
Performance Indicator	Target	Realized				Year-End Realization	Realization Ratio of Target (%)	Deviation Ratio of Target (%)	Degree of Attaining Target
		1. Quarter	2. Quarter	3. Quarter	4. Quarter				
Evaluation Period of Laundering Offence (Month)	6,00	7,00	6,50	7,00	7,50	7,50	75,00	-25,00	Target Not Attained
Definition	Evaluation period of laundering offence will be monitored in order to conclude the evaluations of denunciations and reports received in relation to offence of laundering proceeds of crime by drawing up reports as soon as possible.								
Source of Indicator	Analysis and Evaluation Group								
Analysis of Performance Results									
Reason of Deviation	Deviation occurred in attaining target because of delays in information requests from the institutions in the country or foreign countries and enlargement of the files due to new findings.								
Measures to be taken against Deviation									



MONITORING REPORT ON PERFORMANCE INDICATOR REALIZATION

Year 2013
Unit 12.00.35.00 / MASAK
Performance Target Efficiency will be provided in combating offences of laundering proceeds of crime and terrorist financing

Strategic Purpose	To broaden registered economy and to mitigate financial crimes								
Strategic Target	To combat laundering proceeds of crime and financing of terrorism effectively								
Performance Indicator	Target	Realized				Year-End Realization	Realization Ratio of Target (%)	Deviation Ratio of Target (%)	Degree of Attaining Target
		1. Quarter	2. Quarter	3. Quarter	4. Quarter				
Concluding period of evaluations on the offence of terrorist financing (month)	15,00	22,50	17,00	21,00	21,00	21,00	60,00	-40,00	Target Not Attained
Definition	Evaluation reports are drawn up as a result of correspondences with public institutions, obliged parties and foreign FIOs in order to obtain information and documents regarding the natural/legal person on whom evaluation is carried out. Concluding period of evaluations of denunciations and reports on the offence of terrorist financing will be monitored.								
Source of Indicator	Analysis and Evaluation Group on Terrorist Financing								
Analysis of Performance Results									
Reason of Deviation	Deviation occurred in attaining target because of delays in information requests from the institutions in the country or foreign countries and enlargement of the files due to new findings.								
Measures to be taken against Deviation									



2. Evaluation of Performance Results

DISPERSION OF REALIZATION VALUE OF PERFORMANCE INDICATORS ACCORDING TO THEIR DEGREE OF ATTAINING TARGET							
Year	2013						
Unit	12.00.35.00 / MASAK						
No	Performance Indicator	Target	Year-End Realization	Target Exceeded	Target Attained	Target Not Attained	Data could not be Obtained
1	Number of STRs received (number)	10.000,00	25.592,00	■			
2	Number of files brought to trial / number of files dounced (%)	85,00	60,00			■	
3	Number of obliged parties inspected (number)	90,00	130,00	■			
4	Completion period of evaluations regarding terrorist financing offence (month)	15,00	21,00			■	
5	Completion period of evaluations regarding money laundering offence (month)	6,00	7,50			■	
6	Number of reports and information notes drawn up as a result of general analysis works (number)	4,00	5,00	■			

0%

0%

■ Target Exceeded ■ Target Attained ■ Target Not Attained ■ Data could not be Obtained

3. Evaluation of Performance Information System

In 2013, realization values of MASAK’s performance indicators were processed as quarterly periods into the performance budget monitoring and evaluation module of the Finance SGB.net system

V. ASSESSING INSTITUTIONAL CAPABILITY AND CAPACITY

A. Analysis of Strong and Improvable Qualifications, Opportunities and Threats (GZFT Analysis)

The following table gives information about strong and improvable qualifications, and the threats faced by MASAK while performing its activities.

Table 33– GZFT Analysis

Strong Qualifications
Having a decisive and regulatory role in defining policies for anti-money laundering purposes and preparation of the legislation in the framework of the defined policies
Having the opportunity of carrying out examination of money laundering offence and supervision of obligations functions through examiners assigned provisionally by MASAK
Having the power of signing memoranda of understanding, which are not in the nature of international treaties, for the purpose of ensuring exchange of information and documents with international counterparts
Having an experienced group of administrators
Having qualified specialized staff
Having a developed information technology infrastructure
Improvable Qualifications
Inadequate physical facilities
The obligation of employing provisional staff
Carrying out examination of money laundering offence and supervision of obligations functions through examiners who are not MASAK staff
Opportunities

Its field of function is suitable for international cooperation
Providing trainings for MASAK staff

Threats
Waste of time because of late and deficient responses to information requests sent by MASAK
Having more difficulty in examining and following money laundering offences due to the high volume of unrecorded economy
Difficulty in defining the nature of financial transactions made by or through the neighboring countries because of their financial instability
Difficulties in cooperation and coordination because there are more than one professional field in investigation of offences

VI. CONCLUSION

As the financial intelligence unit of Turkey MASAK carries out regulating, coordination, supervision and training activities charged to it upon the Law No. 5549 beside the functions of collecting data, analyzing and forwarding to related bodies. Following a busy schedule MASAK fulfilled all the priority functions determined in line with strategic objectives and goals found in 2013-2017 Strategic Plan of the Ministry of Finance and 2013 Performance Program.

Training programs for obliged parties and the related law enforcement bodies in AML/CFT field went on intensively in 2013. 1804 participants were trained in 39 training activities throughout the year.

As a result of the workshops and trainings organized in 2013 for the purpose of achieving a more active STR system and evaluating supervision of obligations, the number of non-bank financial institutions which sent STRs increased more than the previous year and reached 124 from 108. The number of STRs received from these institutions which was 1450 in 2012 increased to 2.479 in 2013.

Additionally, MASAK provided trainings including its experiences and knowledge for the authorities of Turkmenistan in order to make contributions to the creation of necessary institutional and legal infrastructure in combating laundering and terrorist financing in 2013.

In 2013, Modernization of Information System Security Infrastructure was completed under the scope of Modernization Project. MASAK Data Center was designed taking into consideration “uninterrupted service”, “easy management” and “effective use of system sources”, and security infrastructure was modernized. Also, Integrated Financial Intelligence System (EMİS) and MASAK.ONLINE system were developed. The medium and long term

outcome of EMIS for our country will be conducting faster, higher quality and more reliable AML/CFT activities.

The new application of STR system launched in 2012 was continued in 2013 as well. 99% of 22.086 STRs received from the banking sector was sent electronically, and the number STRs from this sector increased by 61% with respect to the previous year. Shortly, the “electronic suspicious transaction reporting” application launched in 2012 led to an accountable increase in the number of STRs due to the fact that sending STRs electronically is secure, fast and easy.

In 2013, 130 obliged parties were examined under the scope of the inspection of compliance with obligations program prepared related to previous years.

The number of natural/legal persons with whom information exchange was made as a result of analysis and evaluation studies related to terrorist financing offence reached 836 in 2013. 64 files out of 107 were concluded in 2013 as a result of analysis and evaluation studies related to money laundering offence, and various institutions were informed of 3.696 persons within the scope of the offences in their work fields.

Under the scope of ensuring international cooperation, which is one of the essential elements of AML/CFT, MASAK signed memoranda of understanding with the FIUs of the South Africa, Germany, Tunisia, Turkmenistan, Denmark, Saudi Arabia, and Morocco in 2013.

Working together with other partner institutions, “The Law No.6415 on the Prevention of the Financing of Terrorism” and “Regulation on the Procedures and Principles Regarding the Implementation of Law on the Prevention of the Financing of Terrorism” came into force in 2013 in order to address deficiencies detected in FATF mutual evaluation process and public statement.

MASAK’s activities performed in 2013 under the scope of the “AML/CFT strategic goal” related to regulation and coordination; collecting, analysing and evaluating data; examination; supervision of obligations; foreign relations; training; It and communication are given in detail in related tables and graphics in MASAK Activity Report. Efforts performed currently by MASAK for the purpose of achieving the strategic objectives and goals and priority works to be done will continue in 2014 with the same commitment.