

INTERPRETIVE NOTE CONCERNING  
THE EGMONT DEFINITION OF A  
FINANCIAL INTELLIGENCE UNIT

History of The Egmont Group. In June 1995, government agencies and international organizations gathered at the Egmont-Arenberg Palace in Brussels to discuss money laundering and ways to confront this global problem. Out of this first meeting was born the Egmont Group (“Egmont”), an informal body of government disclosure receiving agencies that share a common goal – to provide a forum to enhance mutual cooperation and to share information that has utility in detecting and combating money laundering and, more recently, terrorism financing. Over time, working groups have developed to carry out the tasks of Egmont. Today, Egmont has four working groups: Legal, Training and Communication, Outreach and Operational.

Early on, the participants in Egmont recognized the need for developing effective and practical means of cooperating, especially concerning information exchange and the sharing of expertise. To meet those challenges, the Legal Working Group examined obstacles related to information exchange among government agencies that specifically combat money laundering through the processing of financial information. To identify financial disclosure receiving agencies around the world and to better understand how such government agencies function, jurisdictions completed questionnaires and submitted them for review by the Legal Working Group. On the basis of the answers provided from the questionnaires, the Legal Working Group devised a functional definition of government agencies, called Financial Intelligence Units (“FIUs”) that combat money laundering.

Although initially the focus of the Egmont FIU was essentially on money laundering, FIUs are also playing an important role in the international effort to combat the financing of terrorism. The financial disclosures that FIUs currently receive, analyze and disseminate have proven to be invaluable sources of information for those national agencies that investigate terrorism financing. In order to meet international mandatory standards countries have or are in the process of amending their domestic legislation to bring terrorism financing within the remit of their FIU as an autonomous offence, beside as a predicate offense for money laundering, thus expanding the scope of the FIU’s overall functions.

**Egmont Definition.** Based upon the work of the Legal Working Group, Egmont approved the following definition of an FIU in 1996, consequently amended in 2004 to reflect the FIU’s role in combating terrorism financing:

**A central, national agency responsible for receiving, (and as permitted, requesting), analysing and disseminating to the competent authorities, disclosures of financial information:**

- (i) **concerning suspected proceeds of crime and potential financing of terrorism, or**
  - (ii) **required by national legislation or regulation,**
- in order to combat money laundering and terrorism financing.**

The definition of an FIU can best be understood through a brief explanation of each of its component parts.

1. **A central, national agency.** Egmont’s focus on international co-operation requires that only one government agency per territory or self-autonomous jurisdiction, recognized by international boundaries, serve as the contact point for international exchanges. It must operate in a jurisdiction that is governed by the laws of that territory. To be clear, use of the phrase “central, national agency” carries with it no political designation or recognition of any kind.

An anti-money laundering/terrorism financing government agency operating in a jurisdiction that in political terms constitutes a dependency of another nation, may be considered an FIU as long as it is the only government agency that carries out these efforts in that internationally recognized boundary. Recognition that such government agency meets the Egmont definition of an FIU does not necessarily equate to sovereignty.

In federal systems, the phrase “central, national agency” implies that only one government agency may be considered an FIU under Egmont. Even though federal systems have multiple subdivisions, only one centralized agency serves as contact point for information exchange for Egmont.

2. **Responsible for.** This word denotes that the legal framework, which establishes the FIU, authorizes, at a minimum, the functions outlined in the Egmont definition.
3. **Receiving, (and as permitted, requesting) analysing and disseminating.** This phrase designates the three principal activities of all Egmont FIUs, and the functions that make them unique.

- **Receiving.** FIUs serve as the central reception point for receiving financial disclosures. This takes into account FIUs that have more than one office and FIUs that receive disclosures from different domestic agencies. This concept also distinguishes FIUs from law enforcement agencies with a general (overall) law enforcement mission.
- **(And as Permitted, Requesting).** Some but not all FIUs have the ability to query specific financial information from certain financial institutions and other non financial entities beyond the financial disclosures that FIUs normally receive from reporting entities. For this reason, the language is in parentheses and is limited in scope.

- **Analysing.** Analysis involves an initial evaluation of the utility or relevance of disclosures received from reporting entities at the pre-investigation stage. Analysis of information reported to FIUs may occur at different stages and take different forms. Some FIUs analyse every financial disclosure when it arrives at the FIU. For other FIUs, such a system is impossible due to the sheer volume of financial disclosures that they receive. Those FIUs make the financial disclosures immediately available to appropriate investigative authorities and the FIUs analyse financial disclosures in response to requests for information or on their own accord but not in response to each and every financial disclosure reported to it. In an increasing manner, many FIUs have incorporated analytical software that assists in determining money laundering trends and patterns for use by law enforcement, to provide feedback to the reporting institutions and in some cases for purposes of proactive targeting. In all cases, some de minimis level of analysis must occur in order to categorise a given piece of information and determine which agency, or group of agencies, should be entitled to receive it.
  - **Disseminating.** FIUs at a minimum must be able to share information from financial disclosures and the results of their analysis regarding money laundering and related crimes, as determined by domestic legislation, and terrorism financing, firstly with domestic competent authorities and, secondly, with other FIUs. A critical element in assessing dissemination capability involves assessing the extent to which a candidate FIU's law permits the cooperation with other FIUs through the exchange of information.
4. **Disclosures of financial information.** These are the materials that FIUs use and share with each other to detect and combat money laundering and terrorism financing. In this regard, FIUs may share publicly available and as well as sensitive information (whether financial disclosures or law enforcement information) with competent authorities under terms that protect the information against misuse.
  5. **Concerning suspected proceeds of crime and potential financing of terrorism.** The first type of disclosure of financial information concerns the reporting of suspicious or unusual transactions or activities regarding funds that are suspected of having originated from criminal activity or of being intended to support terrorist activity.

**[Disclosures otherwise] required by national legislation, or regulation.**

This requirement encompasses all other mandated types of reporting requirements required by law, whether involving currency, checks, wires or other transactions.

6. **In order to combat money laundering and terrorism financing.** This phrase reemphasizes the common purpose of every FIU.