



# Anti-money laundering and counter-terrorist financing measures

## Seychelles

8<sup>th</sup> Enhanced Follow-up Report &  
3<sup>rd</sup> Technical Compliance Re-Rating  
March 2023

Follow-Up Report





The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) was officially established in 1999 in Arusha, Tanzania through a Memorandum of Understanding (MOU). As at the date of this Report, ESAAMLG membership comprises of 20 countries and also includes a number of regional and international observers such as COMESA, Commonwealth Secretariat, East African Community, Egmont Group of Financial Intelligence Units, FATF, GIZ, IMF, SADC, United Kingdom, United Nations, UNODC, United States of America, World Bank and World Customs Organization.

ESAAMLG's members and observers are committed to the effective implementation and enforcement of internationally accepted standards against money laundering and the financing of terrorism and proliferation, in particular the FATF Recommendations.

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**This report was approved by the ESAAMLG Task Force of Senior Officials at the March 2023 meeting in Arusha, Tanzania.**

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# SEYCHELLES: 8<sup>th</sup> ENHANCED FOLLOW-UP REPORT & 3<sup>rd</sup> REQUEST FOR RERATING

## I. INTRODUCTION

1. The Mutual Evaluation Report (MER) of Seychelles was adopted by the Task Force and approved by the Council of Ministers in September 2018. According to the MER, Seychelles was Compliant (C) on 10 Recommendations, Largely Compliant (LC) on 10 Recommendations, Partially Compliant (PC) on 16 Recommendations and Non-Compliant (NC) on 4 Recommendations. Out of the 11 Immediate Outcomes (IOs), Seychelles was rated Moderate Level of Effectiveness on one (1) IO and Low Level of Effectiveness on 10 IOs. Details of the MER ratings are provided in the Table 2.1 below. This follow-up report assesses the progress made by Seychelles to resolve the technical compliance shortcomings identified in its MER. In general, countries are expected to have corrected most or all of their technical compliance shortcomings by the end of the third year of follow-up at the latest. This report does not cover the progress made by Seychelles in improving its effectiveness. Progress in this area will be assessed as part of a subsequent follow-up assessment. If sufficient progress has been made, the Immediate Outcome ratings may be reviewed.
2. The assessment of Seychelles' request for technical compliance re-ratings and the preparation of this report were undertaken by the following experts (Supported by ESAAMLG Secretariat: Chris Likomwa and Joseph Jagada):
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  - Susan Mangori (Botswana)
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3. Section III of this report summarises the progress made by Seychelles on technical compliance. Section IV sets out conclusions and contains a table of Recommendations for which a new rating has been given.

## II. KEY FINDINGS OF THE MUTUAL EVALUATION REPORT

4. The MER<sup>1</sup> rated Seychelles technical compliance ratings as set out in Table 2.1 below. In the light of these results, Seychelles was placed in the enhanced follow-up process<sup>2</sup>;

**Table 2.1. Technical compliance ratings<sup>3</sup> September 2018**

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<sup>1</sup> Mutual Evaluation Report (MER) of Seychelles, September 2018, <https://esaamlg.org/reports/MER-Seychelles-September%202018.pdf>

<sup>2</sup> Enhanced follow-up is based on the traditional ESAAMLG policy for members with significant shortcomings (in technical compliance or effectiveness) in their AML/CFT systems and involves a more intense follow-up process.

<sup>3</sup> There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC) and non-compliant (NC).

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
PC	PC	LC	PC	PC	PC	NC	NC	C	LC
R 11	R12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
C	LC	C	C	NC	PC	LC	C	PC	C
R 21	R22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
C	LC	LC	LC	PC	PC	LC	PC	PC	C
R 31	R32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
C	LC	PC	PC	PC	C	PC	NC	PC	LC

### III. OVERVIEW OF PROGRESS IN TECHNICAL COMPLIANCE

#### 3.1 Progress in resolving the technical compliance deficiencies identified in the MER/FUR

5. Since the adoption of its MER in September 2018, Seychelles has taken measures aimed at addressing the technical compliance deficiencies identified in its MER. As a result of this progress, 6 Recommendations were re-rated (upgraded) to LC while 1 Recommendation was re-rated (upgraded) to PC as highlighted in the Table 2.2 below:

**Table 2. 2. Technical compliance Re-ratings, September 2021**

R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
PC(C)	PC(LC)	LC	PC	PC	PC	NC(PC)	NC	C	LC
R 11	R12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
C	LC	C	C	NC	PC(LC)	LC	C	PC	C
R 21	R22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
C	LC	LC	LC	PC	PC (LC)	LC	PC	PC(LC)	C
R 31	R32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
C	LC	PC	PC	PC(LC)	C	PC (LC)	NC(LC)	PC(LC)	LC

#### 3.1.1 Recommendation 5 – Terrorist Financing Offence (Originally rated PC- Upgraded to LC)

6. Seychelles amended the Prevention of Terrorism Act in 2021 to address the deficiencies. Criteria 5.1, 5.3, 5.4, 5.5, 5.6, 5.8 and 5.9 were met in the MER 2018, and the legal basis for the ratings have not changed. The analysis below therefore focuses on the criteria affected by the 2021 amendments to the PTA.

7. S.5 covers individual terrorist. It provides that ‘any person who willfully provides or collects funds or any assets, by any means, directly or indirectly, with the intention that they shall be used, or knowing that the funds or assets shall be used in full or in part, by either a terrorist or terrorist group, to carry out a terrorist act’ commits an offence. Sub-section (2) extends the offence to cover absence of a link to a specific terrorist act(s) and the punishment is the same. Further, the 2021 PTA amendments (Section 2) also define the term ‘property’, providing that property shall have the meaning assigned to it in the AML/CFT Act, 2020 (Act 5 of 2020)<sup>1</sup>. The definition is wide enough to cover funds or other assets. The same AML/CFT Act of 2020 as amended defines the terms funds in line with the FATF Standards Glossary. **Therefore c.5.2 is met.**
8. S.5 (3) provides that TF offences includes financing the travel of individuals who travel to a State other than their States of residence or nationality for the purpose of perpetration, planning, or preparation of, or participation in, terrorist acts, or the providing or receiving of terrorist training. **Therefore c.5.2bis is met.**
9. S.20A (1) & (2) creates criminal liability and sanctions for legal persons. It provides that a legal person who commits an offence under the Act is guilty of an offence and on conviction liable to a penalty of not less than SCR500,000 (\$37, 000). The sanctions are proportionate and dissuasive. However, it remains unclear if parallel criminal, civil or administrative proceedings with respect to legal persons will not prejudice criminal liability of natural persons. **Therefore c.5.7 remain partly met.**
10. S.27 (3) (a) addresses the deficiency. In addition, the Supreme Court jurisdiction has been extended to cover a person who is a non-Seychellois or a resident of Seychelles and is participating in the offence while outside Seychelles. **Therefore c.5.10 is met.**

#### **Weighting and conclusion**

11. The amended laws sufficiently address the absence of TF offence regarding individual terrorist and financing the travel of a terrorist. It also addresses the issue of jurisdiction of the Supreme Court to try offences under the Act committed by a non-Seychellois or a resident of Seychelles who participated in the offence while outside of the jurisdiction. Criminal sanctions are available to legal persons. However, it is still not clear, if parallel criminal, civil or administrative proceedings with respect to legal persons will not prejudice the criminal liability of natural persons. **Seychelles has addressed all deficiencies except part of c5.7 as highlighted above. We are of the view that the outstanding deficiency is minor, therefore R.5 should be re-rated from PC to LC.**

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<sup>1</sup> Property thus includes any assets, including, but not limited to financial assets, economic resources, which includes oil and other natural resources, property of every kind, whether tangible or intangible, movable or immovable, however acquired, and legal documents or instruments in any form, including electronic or digital, evidencing title to, or interest in, such funds or other assets, including, but not limited to bank credits, travellers cheques, bank cheques, money orders, shares, securities, bonds, drafts, or letters of credit, and any interest, dividends or other income on or value accruing from or generated by such funds or other assets, and any other assets which potentially may be used to obtain funds, goods or services.

### 3.1.2 *Recommendation 19 – Higher Risk Countries (Originally rated PC – Upgraded to C)*

12. Under its Second Round MER, Seychelles was assessed against the provisions of AML Regulations, 2004. The deficiencies were that there was no specific obligation for FIs to apply counter-measures, both at the instance of the FATF as well as on the country's own initiative and there was no mechanism in place to advise FIs of concern about weaknesses in the AML/CFT systems of other jurisdictions. It was rated PC.
13. The AML Act and Regulations were repealed by AML/CFT Act 2020 and AML/CFT Regulations 2020. Criteria c19.1, was rated met in the MER 2018 and the legal basis for the ratings has changed.
14. Criterion 19.1 was rated met in the MER. Due to changes in the law, Seychelles repealed Regulation 15(2). S.41 of the AML/CFT Act 2020 has maintained the provision. S. 41(3) requires FIs to apply enhanced due diligence, proportionate to the risks, to business relationships and transactions with natural and legal persons from jurisdictions for which this is called for by the FATF. **Therefore c.19.1 will remain met.**
15. The country is able to apply countermeasures proportionate to the risks either (a) when called upon to do so by the FATF or (b) independently of any call by the FATF. S. 58 (9) of AML &CFT as amended (Act 62 of 2021) provides that a supervisory authority or other relevant authority shall, when called upon to do so by the FATF or on the Committee's independent determination specify the countermeasures that shall apply to a high-risk country as may be necessary and proportionate to the risk, business relationship and transaction. Statutory Instrument Number 8 of 2022 (*Anti- Money Laundering and Countering the Financing of Terrorism (Counter measures) Regulations, 2022*) has listed thirteen (13) counter measures that should be taken in compliance with S.58 (9). The counter measures include: (a) requiring the reporting entities to give special attention to the business relationship and transactions with the concerned country, including the companies, financial institutions and those acting on behalf of that country; (b) requiring the reporting entities to apply specific elements of enhanced due diligence; and (c) introducing enhanced relevant reporting mechanisms or systematic reporting of financial transactions. **Therefore c19.2 is met.**
16. Measures are in place to ensure that FIs are advised of concerns about weaknesses in the AML/CFT systems of other countries. The Supervisory authorities (FIU, FSA and CBS) have issued circulars to advise FIs and DNFBPs on the FATF list of high-risk jurisdictions. To remain up to date, the supervisors also send out emails to reporting entities after the end of each FATF plenary with an updated list of high-risk jurisdictions. The emails also encourage the reporting entities to regularly check the FATF website. Also, the Supervisors, through off-site and on-site supervision regularly advises the reporting entities about AML/CFT weaknesses of other countries. Risk Assessment Guidelines have also been issued by the SCB, FSA and FIU. These Guidelines emphasizes that identifying geographical locations that may pose a higher risk because of a lack of appropriate and effective systems to combat ML/TF is a core component of any inherent risk assessment. **Therefore c19.3 is met.**

#### *Weighting and conclusion*

17. Seychelles has addressed all the remaining deficiencies in c19.2 and c19.3. **Therefore R.19 should be re-rated from PC to C.**

### 3.1.3 *Recommendation 25 – Transparency and Beneficial Ownership of Legal Arrangements (Originally rated PC – Upgraded to LC)*

18. In the Second Round MER, Seychelles was assessed against the provisions of its International Trust Act (ITA) 1994, International Corporate Service Providers Act and the Companies Act. R25 was rated PC as a number of deficiencies were noted: a) trustees for an International Trust were not required to obtain and retain information on the natural persons exercising the ultimate control over the ITSPs themselves; where a corporate trustee, beneficiary or settlor is used other than requesting the full name, address and place of incorporation; b) no requirement to obtain and keep up-to-date details of the ultimate natural persons in or behind the corporate trustee, beneficiary or settlor; c) no measures to ensure that trustees disclose their status to FIs and DNFBPs when forming a business relationship or carrying out an occasional transaction above a required threshold.
19. Some of the laws have been replaced by the Trusts Act 2021, AML/CFT Act 2020, BO Act 2020 and BO Regulations 2020.
20. The position of express trust has not changed since the MER. S.5 of the BO Act 2020 requires that a BO register be kept by any legal arrangement. The register to be kept at the principal place of business of its resident agent. The register should contain information such as (a) the name, residential address, service address, date of birth and nationality of each BO; (b) details of each BO's beneficial interest, (c) the date on which a person became a BO; and (d) the date on which a person ceased to be a BO; (e) In case of a nominee holding interest on behalf of a BO, then (i) the name, residential address, service address, date of birth and nationality of each nominee holding the interest on behalf of the BO and the particulars and details of the interest held by the nominee; and (ii) the identity of the nominator, and where the nominator is a legal person, the identity of the natural person who ultimately owns or controls the nominator. The main deficiency under c25.1 was that there was no requirement for Registrar of Companies to obtain BO information when incorporating companies. It meant that BO information on ITSPs was not obtainable before being licenced. Further, it was also not obtainable for the purposes of the International Trust Register. The deficiency has been addressed. S.9 (1) of the BO Act 2020 provides that a legal person or legal arrangement shall identify and verify its beneficial owners. S. 35 (2) (c) of the AML/CFT Act 2020 also require a reporting entity (which includes a trustee or TCSP) to obtain and verify BO information in accordance with BO Regulations 2020. S. 30A of Trusts (Amendment) Act, 2022 requires that in the case of more than one trustee administering a trust, then any of the trustees may request any relevant information in respect of the trust from any of the other trustees of the trust. S.28 of the Trusts Act 2021 requires an approved trustee to preserve the trust (including a terminated trust) register for at least 7 years from the date (a) it ceases to the trustee of the trust; or (b) the trust fails, lapses or terminates. **Therefore c.25.1 is met.**
21. S.5(1) of the BO Act 2020 creates an obligation on legal arrangements to maintain a register known as a register of BOs, at principal place of business of its resident agent. S. 5(2) of the

BO Act 2020 requires that such information obtained under 5(1) above is accurate and up to date. However, there is no requirement that the update should be on timely basis. **Therefore c25.2 will remain mostly met.**

22. Measures are in place to ensure that trustees disclose their status to FIs and DNFBPs when forming a business relationship or carrying out an occasional transaction above the threshold. S.25(6) of the Trusts Act 2021 creates an obligation on trustees of a trust to disclose the trustee's status as a trustee to a financial institution or a DNFBP or profession when forming a business relationship or carrying out an occasional transaction in an amount equal to or above to the amount prescribed under the Third Schedule of the Anti-Money Laundering and Countering the Financing of Terrorist Act, 2020 (Act 5 of 2020). The prescribed amount is US\$ 3, 300. **Therefore c25.3 is met.**
23. S.29 of Trusts Act requires Trustees to release any records in relation to the Trust to competent authorities and failure may result in penalties. Therefore, no conditions are attached to the release of information to competent authorities. Trustees are also not prevented from providing FIs or DNFBPs, with information on the BO and assets of the trust upon request. However, the disclosure to FIs and DNFBPs will have to be in accordance with S.37 of the Trusts Act 2021 and it is discretionary upon the trustee. S.37 (3) states that a trustee, subject to S.29 or a court order, may refuse to comply with a request for disclosure of information or a document concerning the trust under subsection (1)(a) or any document which relates to or forms part of the accounts of the trust under subsection 2. **Therefore c25.4 remain partly met.**
24. Competent authorities, in particular, law enforcement authorities, have all the powers necessary to be able to obtain timely access to information held by trustees and other parties (FIs and DNFBPs) on the BO and control of the trust. S. 14 of the BO Act 2020 provides for access by competent authorities of BO information held by trustees or resident agent. It states that where a resident agent is requested by a written notice or Order, as the case may be to (i) *to provide any information maintained in the register of beneficial owners, (ii) ) to inspect the register so maintained under section 5 by any competent authority, law enforcement authority, Registrar of Companies, Registrar of Associations, Seychelles Licensing Authority in respect of the a legal arrangement licensed under the Licences Act or a legal arrangement applying for a licence under the Licences Act or any other Act, Central Bank of Seychelles in respect of institutions under its regulatory control a legal arrangement applying for a licence under the Financial Institutions Act or any other Act or an order of a Court, the resident agent shall provide the information or make available for inspection the register of beneficial owners **within the time** specified in the written notice or Order.” S.29 of the Trusts Act 2021 as cited above requires Trustees to release any records in relation to the Trust to competent authorities **within the time specified in the notice** and failure may result in penalties. Although the time prescription is not provided for in the laws, it is discretionary upon the competent authority to prescribe the time within which the information should be provided and the trustee or resident agent will be bound by such time in the notice. Section 57(3) of the AML/CFT Act 2020 provides for that any person who fails to comply with a direction or request made by a*



supervisory authority within such timeframe as may be specified by the supervisory authority, commits an offence and is liable on conviction to a fine not exceeding SCR200,000. **Therefore c25.5 is met.**

25. Although the MER is not clear on what the deficiency was under c25.6, impliedly, one would assume that c25.1 had a cascading effect on this criterion as far as lack of BO information is concerned. S. 14 of the BO Act 2020 creates an obligation on a resident agent, where a request in writing has been made, to provide information or make the BO register available. Any competent authority, law enforcement agency, Registrar of Companies, Registrar of Associations, Seychelles Licensing Authority, or Central Bank of Seychelles may request for information on legal arrangements. **Therefore c25.6 is met.**
26. The laws have provisions that ensures that trustees are legally liable for any failure to perform the duties relevant to meeting their obligations and that there are proportionate and dissuasive sanctions for failure to comply. S. 25 (8) of the Trusts Act provides that a trustee who fails to disclose the trustee's status as a trustee to FI or DNFBP when forming a business relationship or carrying out an occasional transaction in an amount equal to or above to the amount prescribed under the Third Schedule of the AML/CFT Act commits an offence and shall on conviction be liable to a penalty fee of US\$500 and to an additional penalty fee of US\$25 for each day or part thereof during which the contravention continues. S38 of the same Act provides that subject to this Act and to the terms of the trust, a trustee shall be liable for a breach of trust committed by the trustee or in which the trustee has concurred. Where a trustee is liable for a breach of trust, he shall be liable for; (a) the loss or depreciation in value of the trust property resulting from such breach; and (b) the profit, if any, which would have accrued to the trust property if there had been no such breach. If two trustees or more are involved, both are liable jointly and severally. The trustee is also liable for breach of trust arising from the trustee's own actual fraud, dishonesty or wilful misconduct. S. 14(2) of the BO Act provides that a resident agent (or trustee), who fails to comply with subsection 14(1) shall be liable to a penalty not exceeding SCR50,000 for each such failure while Sections 57 and 60 of the AML/CFT Act, though specific to supervisory authorities, it provides a wide of range of enforcement actions which includes imposing dissuasive administrative sanctions on the reporting entity, the directors and senior management of the reporting entity for non-compliance with the provisions of the Act. **Therefore c25.7 is met.**
27. In the MER, under c25.8, the deficiency was that there is no specific provision in the laws to grant timely access to competent authorities to information regarding the trust. The law now provides for both criminal and administrative sanctions which appear proportionate and dissuasive. S 29 (3) of the Trusts Act provides that a trustee who fails to comply with this section shall be liable to a penalty not exceeding US\$5,000. While for failure to comply with providing BO information, S. 14 (2) of the BO Act provides that a resident agent, who fails to comply with subsection (1) is liable to a penalty not exceeding SCR50,000 for each of such failure and S. 57(3) of the AML/CFT Act provides that a reporting entity that fails to comply with a direction or request made by the supervisory authority within such timeframe as may be

**specified by the supervisory authority**, commits an offence and is liable on conviction to a fine not exceeding SCR200,000. The issue of timely access to information regarding the trust has already been addressed in c25.5. **Therefore, c25.8 is met.**

#### *Weighting and conclusion*

28. Seychelles has addressed most of the deficiencies that were noted in the MER (see para 17). As such c25.1, c25.3, c25.5, c25.6, c25.7 c25.8 are now met. C25.2 will remain mostly met while c25.4 will remain partly met. The most important outstanding deficiencies relates to limitations on access to information held by a legal arrangement by FIs and DNFBPs as the disclosure is in accordance with S.37 of the Trusts Act which gives the trustee a discretion. The outstanding deficiencies are minor. **Therefore, R25 should be re-rated from PC to LC.**

#### *3.1.4 Recommendation 28 – Regulation and Supervision of DNFBPs (Originally rated PC – Upgraded to LC)*

29. In the Second Round MER, Seychelles was assessed against the provisions of the Gambling Act 2014 and the AML Act, 2006. The deficiencies noted were: a) the lack of risk-based supervision and monitoring to inform frequency and intensity of supervision activities; b) lack of fit and proper requirements performed on lawyers, accountants and real estate agents. Criteria c28.1, c28.2 and c28.3 were rated met in the MER. No changes have been made to the Gambling Act 2014.
30. Since the Gambling Act 2014 has not changed, **therefore c28.1 remains met.** S. 55 (2) and (3) of the AML/CFT Act 2020 designates the FSA (the reporting entities under its regulatory ambit and licenced under the Acts specified in Part B of the First Schedule and entities at serial numbers 7 and 8 of Part C of the First Schedule) and FIU ((except entities at serial numbers 7 and 8) specified in Part C of the First Schedule) as the AML/CFT supervisor for compliance with AML/CFT obligations by DNFBPs. S. 58(1) of the AML/CFT Act 2020 subjects DNFBPs to AML/CFT monitoring by the FSA and FIU. **Therefore c28.2 and c28.3 will remain met.**
31. To address the deficiency in c28.4, the Licences Act was amended in 2021. S.20A provides that the Seychelles Licensing Authority (SLA) shall, before issuing a licence to a DNFBP, verify the antecedents of the applicant for a licence regarding any criminal records associated with criminal activities, holding significant or controlling interest or of being a BO or holding a management function. In order to implement the requirements, S.20 (1), S. 20 (2) creates an obligation for SLA to enter into an MOU with the FIU setting out the procedures to verify the criminal records in (1) above and also verifying the persons acting as BO or holding a management position in the applicant. The FIU and SLA signed an MOU in 2020 and agreed areas of cooperation which include guidelines for market entry requirements. Further, in August 2021, the FIU and SLA signed a Service Standard Agreement for the conduct of Background Checks where the market entry requirements are spelt out. Despite the issue of lawyers and Real Estate Agents fit and proper test coming out as a deficiency, assessors found that, *“the Bar Association conducts fit and proper assessments in respect of lawyers and the Estate Agents*

*Board for Real Estate Agents. With respect to Accountants and Auditors, a Bill is under preparation to set out the legal framework for fit and proper requirements".* The assessors finding remains the same as there is no fit and proper assessment in respect of accountants and auditors. **Therefore c28.4 will remain partly met.**

32. S.58(1) of the AML/CFT Act 2020 requires a supervisory authority to monitor reporting entities under their control on a risk-sensitive basis and take necessary measures for the purpose of ensuring compliance with the Act. Under S.58(2) of the same Act, a supervisory authority should take into consideration the ML/TF risk profiles and risk assessments prepared by reporting institutions and take the results of the review into consideration and the adequacy and implementation of reporting entities policies, internal controls and procedures taking into consideration the risk profile and size of the institution. However, S.58 (2) does not provide for the characteristics of the DNFBPs, in particular their diversity and number and the degree of discretion allowed to them under the risk-based approach. The authorities submits that this remains a factor that is considered by the FIU under its RBA to its supervision of DNFBPs. **Therefore c28.5 is met.**

#### *Weighting and conclusion*

33. Seychelles have addressed some of the deficiencies that were noted in c28.4 and c28.5. However, fit and proper assessment in respect of accountants and auditors is still outstanding. The deficiency is considered minor as both the accountants and auditors are subject to AML/CFT supervision by the FIU. **Therefore R.28 should be re-rated from PC to LC.**

#### *3.1.5 Recommendation 33 – Statistics (Originally rated PC – No Re-Rating)*

34. In the Second Round MER, Seychelles was rated PC on the requirements of this recommendation. The deficiency was that there was no adequate statistics kept necessary to review and assess the effectiveness of the AML/CFT system.
35. S 7(1)(p) of the AML/CFT (Amendment) Act no 7 of 2021 provides for the National AML/CFT Committee to coordinate with the relevant authorities to maintain comprehensive statistics on matters relevant to the effectiveness and efficiency of the AML/CFT systems. S 27(1) (l) of the AML/CFT Act, 2020 requires the FIU to compile and maintain statistics and records, disseminate information within Seychelles or elsewhere. To demonstrate progress that has been made, two quarterly reports for Q1 and Q2 of 2022 have been submitted to show that Seychelles is keeping comprehensive statistics on (a) STRs received and disseminated; (b) ML/TF investigations, prosecutions and convictions; (c) Property frozen; seized and confiscated; and (d) Mutual legal assistance or other international requests for co-operation made and received. Other than the two quarterly reports, Seychelles also submitted tables of statistics from the FIU showing STRs received/submitted by sector and reasons for submission, disseminations and other international requests from 2018 to June 2022. Similarly, Attorney Generals' Office from 2016 to 2021 on cases and MLA on various issues including ML and other predicates. Also, from FCIU from 2019 to July 2022. The statistics are on predicate offences and both outgoing and incoming MLA. Much as the steps taken by the authorities to comply with requirements of this recommendation are acknowledged and appreciated, the two reports are not sufficient to

be relied upon to show how comprehensive are the statistics kept. Further, the other statistics provided do not demonstrate how the statistics are linked to the other. For instance, the FCIU statistics do not show whether there are any cases that emanated from the FIU disseminations. The AGO statistics similarly does not show how the cases are linked to FIU or FCIU. Also, other competent authorities have not provided any statistics on AML/CFT matters. Information provided shows that Seychelles is in the process of implementing a system to keep statistics systematically. Maintaining comprehensive statistics on matters relevant to the effectiveness and efficiency of AML/CFT systems is an ongoing process and this is achieved through the demonstration of keeping appropriate statistics at the level of the different LEAs and competent authorities. Seychelles has not demonstrated that the statistics kept so far are comprehensive. **Therefore, c33.1 will remain partly met.**

#### *Weighting and conclusion*

36. Seychelles has not addressed the outstanding deficiencies that were noted in c33.1. ***Therefore R.33 should not be re-rated.***

#### *3.1.6 Recommendation 34 – Guidance and Feedback (Originally rated PC – Upgraded to LC)*

37. In the Second Round MER, Seychelles was rated PC on the requirements of this recommendation. The deficiency noted was the lack of adequate feedback and ML/TF patterns and trends to the reporting entities.
38. S.57(2) of the AML/CFT Act 2020 grants power to supervisory authorities to issue direction, directives or guidelines in relation to the requirements set out in the Act or the regulations made thereunder. In the MER, assessors determined that supervisors were providing adequate guidelines. They also determined that there was inadequate provision of feedback and patterns and trends of ML/TF to the reporting entities which are essential to improving the understanding and implementation of AML/CFT obligations. The supervisors (CBS, FSA, and FIU) have continued to provide guidance in various aspects of AML/CFT, for instance, institutional risk assessments, CDD, EDD, beneficial ownership, cash transactions and wire transfers, compliance manuals, suspicious transaction reporting, fit and proper criteria for compliance officers, compliance officers' responsibilities and supervisors' expectations, and registration with the FIU. The FIU states that it provides typology case studies in its annual reports which are widely disseminated to stakeholders and published on its website and accessible to all reporting entities. The case studies provide indicators of ML/TF techniques. The annual reports further highlight emerging trends and topics and share information and statistics in relation to AML/CFT matters.

#### **Feedback**

39. The authorities provide feedback to reporting entities through their on-site examination or public private partnership forums. The feedback includes: findings and observations from on-site and off-site examinations reported to the reporting entities on the regulatory findings. Further, outreach and training sessions are also conducted with reporting entities. Based on a

trends report done by the FIU, a Guidelines for Suspicious Transaction Reporting was issued and shared by the authorities for use by all reporting entities under their respective supervision. However, there is no submission in respect of guidance or feedback issued by SRB. **Therefore, c34.1 is mostly met.**

*Weighting and conclusion*

40. Seychelles has addressed most of the outstanding deficiencies that were noted in c34.1. It is clear that it is continuing to issue guidance and are providing feedback to reporting entities. However, there is still a deficiency in that SRBs have not issued any guidance or given feedback to reporting entities under their purview. **Therefore R.34 should be re-rated from PC to LC.**

**IV. CONCLUSION**

41. Seychelles has made progress in resolving some of the technical compliance deficiencies identified in its MER. Reviewers considered information provided in support of the request for re-rating of Recommendations 5, 19, 25, 28, 33 and 34 initially rated PC and ratings for 5 Recommendations have been revised.
42. Recommendation 19 to be upgraded from PC to C, Recommendations 5, 25, 28, and 34 from PC to LC while Recommendation 33 to remain PC.
43. Considering overall progress made by Seychelles since the adoption of its MER, its technical compliance with the FATF Recommendations has been revised as shown in Table 4.1 below.

**Table 4.1 Technical Compliance Re-rating, April 2023**

Recommendations and Corresponding Ratings									
R 1	R 2	R 3	R 4	R 5	R 6	R 7	R 8	R 9	R 10
C	LC	LC	PC	PC (LC)	PC	PC	NC	C	LC
R 11	R12	R 13	R 14	R 15	R 16	R 17	R 18	R 19	R 20
C	LC	C	C	NC	LC	LC	C	PC (C)	C
R 21	R22	R 23	R 24	R 25	R 26	R 27	R 28	R 29	R 30
C	LC	LC	LC	PC (LC)	LC	LC	PC(LC)	LC	C
R 31	R32	R 33	R 34	R 35	R 36	R 37	R 38	R 39	R 40
C	LC	PC(PC)	PC(LC)	LC	C	LC	LC	LC	LC

44. Seychelles will remain in enhanced follow-up and will continue to inform the ESAAMLG of the progress made in improving and implementing its AML/CFT measures.