Anti-money laundering and counter-terrorist financing measures

ESWATINI

4th Enhance Follow Up Report and 1st Technical Compliance Re-rating

August 2025

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 22 countries and also includes a number of regional and international observers such as AfDB, COMESA, Commonwealth Secretariat, East African Community, Egmont Group of Financial Intelligence Units, FATF, 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.

For more information about the ESAAMLG, please visit the website: www.esaamlg.org

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ESWATINI: 4th ENHANCED FOLLOW-UP REPORT & 1st REQUEST FOR TECHNICAL COMPLIANCE RE-RATING

I. INTRODUCTION

1. The Mutual Evaluation Report (MER) of Eswatini[1] was adopted by the Task Force and approved by the Council of Ministers in June 2022[2] through the round robin. According to the MER, Eswatini was Compliant (C) on 3 Recommendations, Largely Compliant (LC) on 11 Recommendations, Partially Compliant (PC) on 19 Recommendations and Non-Compliant (NC) on 7 Recommendations. Eswatini was rated Low Level of Effectiveness on 11 IOs. Details of the MER ratings are provided in the Table 2.1 below.
2. This follow-up report assesses the progress made by Eswatini 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 Eswatini 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.
3. This follow-up report assesses the progress made by Eswatini to address the technical compliance deficiencies identified in its MER. New Technical Compliance (TC) re-ratings are given where sufficient progress has been made. The report does not cover the progress made by Eswatini in improving its effectiveness.
4. The following experts (assisted by Mofokeng Ramakhala, Kgomotsego Mooketsi, Edgar Mutebi and Tirivafi Nhundu (from the Secretariat) assessed Eswatini's request for TC re-ratings and prepared its follow-up report:

- Zenobia Barry (Namibia)
- Vilho Nkandi (Namibia)
- Susan Mangori (Botswana)
- Motsisi Mongati (Botswana)
- Refilwe Nasha (Botswana)
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- Erivelto Teixeira Moreira Bastos (Angola)
- Minervina inglês Lopes (Angola)
- Haja Lalao Razanamanana (Madagascar)

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[1] MER of Eswatini-June 22.pdf (www.esaamlg.org)

5. Section III of this report summarises the progress made by Eswatini 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

6. The MER[3] rated the Kingdom of Eswatini's technical compliance as set out in Table 2.1 below. In light of these results, Eswatini was placed in the enhanced follow-up process[4].

Table 2.1. Technical compliance ratings[5] September 2022

R.1	R.2	R.3	R.4	R.5	R.6	R.7	R.8	R.9	R.10
PC	PC	LC	LC	PC	NC	NC	NC	LC	PC
R.11	**R.12**	**R.13**	**R.14**	**R.15**	**R.16**	**R.17**	**R.18**	**R.19**	**R.20**
LC	PC	LC	PC	NC	NC	PC	PC	NC	C
R.21	**R.22**	**R.23**	**R.24**	**R.25**	**R.26**	**R.27**	**R.28**	**R.29**	**R.30**
LC	PC	PC	NC	PC	PC	C	PC	LC	C
R.31	**R.32**	**R.33**	**R.34**	**R.35**	**R.36**	**R.37**	**R.38**	**R.39**	**R.40**
LC	PC	PC	PC	LC	LC	PC	LC	PC	PC

III. OVERVIEW OF ESWATINI'S PROGRESS

Progress to address technical compliance deficiencies as end of April 2025

7. Since the adoption of its MER in April 2022, Eswatini took all necessary and critical action to address the shortcomings identified in the June 2022 Mutual Evaluation Report. Some of the actions include conducting a second National Risk Assessment on ML and TF and the two reports were approved in 2023, as well as the promulgation of the AML/CFT/PF Miscellaneous Amendments Act 2024 to address some of the outstanding deficiencies in its MER 2022.

3.1. Progress to address TC deficiencies for consideration under the 4th FUR.

8. Eswatini has made further progress and has applied for re-rating of Recommendations 1, 2, 10, 12, 14, 16, 17, 18, 19, 22, 23, 26, 32, 34, and 40. This progress has been assessed in the following paragraphs.

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[3] Mutual Evaluation Report of Eswatini- https://www.esaamlg.org/reports/MER%20of%20Eswatini-June%202022.pdf

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

[5] There are four possible levels of technical compliance: compliant (C), largely compliant (LC), partially compliant (PC) and non-compliant (NC).

3.2.1 Recommendation 1 – Assessing Risks and Applying a Risk-Based Approach

(Originally rated PC – re-rated Largely Compliant)

	Year	Rating
MER	**2022**	**PC**
FUR 1	**2023**	PC (not re-assessed)
FUR 2	**2024**	PC (not re-assessed)
FUR 3	**2025**	**LC**

9. ***Criterion 1.1 (Met)***- The MER 2022 had established that although Eswatini had identified and assessed the TF threats, the country did not identify and assess the vulnerabilities and consequently there was no rating for TF risk.

10. Subsequent to the MER Eswatini conducted two NRAs and produced two NRA Reports in 2023. The two NRAs focused on ML and TF risks respectively. Gleaned from the NRA Report on ML, Reviewers noted that the assessment was conducted using teams drawn from the relevant public sector and the private sector (FIs). Further a range of sources, from the public and private sectors, were used to obtain data and information. The ML NRA identified prevalent proceeds generating crimes whose proceeds are likely to be laundered. The vulnerabilities that can be exploited in the Eswatini AML/CFT system have also been identified. The threats were assessed to be at a medium high (MH) level, equally the vulnerabilities were rated at MH level.

11. Eswatini has further identified threats that may expose it to TF risk, as well as vulnerabilities in its AML/CFT system which may be exploited to pursue TF. Gleaned from the NRA Report on TF, Reviewers noted that the assessment was conducted using teams drawn from the relevant public sector authorities. However, there was no representative from the private sector. Furthermore, while the sources of data and information closely align with those used in the NRA on ML, the analysis of TF risks appears to have been primarily informed by interviews and questionnaires, which effectively supplemented the absence of explicit reference to typology reports.

12. Furthermore, Using the World Banks Tool, the Eswatini NRA on ML focused on the following 5 major proceeds generating predicate offences (national threats or higher risk areas): drug trafficking fraud, tax evasion, and corruption. The analysis identified some of the sectors that may be vulnerable to these threats and the analysis revealed the level of risks as follows: banking sector, (**MH**[6]); securities sector,(**H**); insurance, (**M**); Real Estate, (**H**); Legal Practitioners,(**H**); Casinos & Gaming Houses, (**M**); Dealers in Motor Vehicles, (**H**); Dealers in Precious Metals & Stones,(**M**); Accountants & Auditors, M risk; Credit and Savings Providers (**M**); Money Remitters,(**M**); Money& Value Transfer Service Providers, (**M**); and Virtual Assets,(**H**). On the other had Eswatini identified that it is exposed to both external TF threats and TF internal and the following sectors as likely to be abused to raise, move, and store fund

[6] Risk rating levels: High(H), Medium High (MH), Medium (M)

intended to terrorist activities: the NPO (**MH**); banking(**M**); real estate (**M**); MVTS (**MH**); and public transport (**M**). ***Hence, c.1.1 is re-rated met.***

13. ***Criterion 1.2 (Met)-***The Task Force continues to be the designated authority to coordinate actions to assess risk in Eswatini. ***Hence c.1.2 remains Met.***

14. ***Criterion 1.3 (Met)-*** The MER had established that there was no process for keeping the NRA updated between MEs.

15. Subsequent to the MER Eswatini conducted two NRAs which updated the first NRA conducted in 2018. The implementation plan indicates that the NRA should be updated every three years. Thus, the next NRA would be in 2026. ***Hence c.1.3 is re-rated Met.***

16. ***Criterion 1.4 (Met)-*** The MER had established that authorities had not demonstrated that they had mechanisms to provide information on the results of the risk assessment to the relevant competent authorities, SRBs, FIs and DNFBPs once the report was approved.

17. Subsequent to the NRA Eswatini conducted the second NRAs on ML ad TF. Eswatini shared the preliminary findings of the NRA through a national conference (Indaba) which drew participants from the members of the public and the private sector in July 2023. The results were also shared through the following link https://youtube.com/live/1xBNzL5PAYM?feature=share. Eswatini further issued a letter disseminating the final report to relevant competent authorities with a request to distribute the same to accountable institutions and other relevant stakeholders. ***Hence c.1.4 is re-rated Met.***

18. ***Criterion 1.5 (Partly Met)-***The MER had established that Eswatini had not applied a risk-based approach in allocating resources and in implementing measures to mitigate its identified ML/TF risks based on the findings of the NRA Report. Subsequent to the MER. Eswatini has developed the strategic plan and complementation plan that enables it to implement the AML/CFT system on a risk sensitive basis. The resources have mostly focused on training of AML/CFT competent authorities, increase in staff of competent authorities and issuing of guidelines for the DNFBPs. Although the cross-border smuggling of cash was highlighted as likely to fuel ML or TF, the strategic plan and the implementation plan do not indicate how resources shall be allocated to address cross border deficiencies. Other activities in the complementation plan are work in progress, such as issuing guidance to prosecutors to prioritise ML cases. ***Hence c.1.5 is re-rated Partly Met.***

19. ***Criterion 1.6(a)-(b)-(N/A)-***The MER had established that Eswatini allowed CDD exemptions, yet the country had had not demonstrated that the exemptions were based on proven low risk of ML/TF. Subsequent to the MER Eswatini introduced legal provision that introduced simplified provision which are not relevant for this criterion. Therefore, Eswatini has not waived application of some of the FATF Recommendations to FIs or DNFBPs based on the results of the risk assessment which showed existence of low risk [section 6*bis* (7) of the MLFTP Act, as amended]. ***Hence c.1.6 is re-rated Not Applicable. .***

20. ***Criterion 1.7-(a)-(b) (Met)-***The MER had established that the AML/CFT/PF regime has not yet required the FIs and DNFBPs to take enhanced measures to manage and mitigate the identified risks and to incorporate the information into their internal risk assessments.

21. Subsequent to the MER, Eswatini introduced new legal provisions that require accountable institutions (FIs and DNFBPs) to apply enhanced due diligence to higher risk areas identified in the national risk assessment and incorporate this information in their internal risk assessment documents [section 6.*ter* (1) of the MLFTP Act 2011 as amended]. ***Hence c.1.7 is re-rated Met***

22. ***Criterion 1.8 (Met)-***The MER had established that Paragraph 7.10 (a) of the FSRA AML/CFT/PF Guideline, 2016 allowed financial institutions under the FSRA to apply simplified measures where lower risks had been identified through a risk assessment. Similarly, Circular 1/2016 allowed banks to apply simplified due diligence based on their risk assessments. There was no similar requirement for other FIs or DNFBPs. Subsequent to the MER Eswatini introduced a legal requirement that allows accountable institutions (FIs and DNFBPs) to apply simplified CDD measures, provided that a lower risk has been identified by the accountable institutions, and this is consistent with the country's assessment of its ML/TF risks [sections 6*bis* (7) and 6.*ter* (2) of the MLFTP Act 2011 as amended]. ***Hence c.1.8 is re-rated Met***

23. ***Criterion 1.9 (Mostly Met)-***The MER had established that there were no obligations for financial institutions to understand their ML/TF risks. Additionally, there were no legal and regulatory frameworks that specifically required DNFBPs to understand their ML/TF risks and have AML/CFT/PF policies which were approved by senior management. FIs under CBE and the DNFBPs were not required to have appropriate mechanisms to provide risk assessment information to both competent authorities and SRBs.

24. Subsequent to the MER Section 35 (1) of the MLTFP Act, 2011, as amended empowers supervisory authorities the responsibility to enforce compliance by accountable institutions (FIs and DNFBPs) with the requirements of the MLTFP Act 2011, as amended. Furthermore, the Central Bank has issued Guideline in order to ensure that the FIs under its purview comply with the requirements of Recommendation 1. The same goes for EFIU in the case of the Casino industry, the legal and accountants' professions, DPMS and real estate. However, there is no evidence that EFIU has ensured that DNFBPs under its purview have implemented requirements of Recommendation 1. ***Hence c.1.9 is re-rated Mostly Met.***

25. ***Criterion 1.10 (Mostly Met)-*** In the June 2022 MER, accountable institutions were required to take appropriate steps to identify, assess, monitor, manage and mitigate their ML/TF risks. There was, however, no requirement for financial institutions and DNFBPs to understand their ML/TF risks.

    a) ***(Met)*** Under S.6(3) of the MLTFP Act,2011 as amended and read together with paragraphs 3.2 of the CBE AML/CFT Guidelines and 5.1 (b) of the FSRA AML/CFT Guideline, it provides for creating, maintaining, updating and documenting the risk assessments. ***Hence, c.1.10(a) remains met.***
    b) ***(Met)*** This sub-criterion was considered Not Met in the MER 2022. There were no provisions requiring financial institutions and DNFBPs to take into consideration all the relevant risk factors in determining the level of overall risk and the appropriate level and type of mitigation to be applied. Eswatini has introduced new provision section 6quat of the AML/CFT/PF Miscellaneous Amendments Act, 2024, which requires an accountable institution to take into consideration all relevant ML/TF/PF risk factors in determining the

appropriate level of their risk exposure and the required mitigation measure. ***Hence c.1.10(b) is re-rated Met.***

c) ***(Met)*** This sub-criterion was rated Met in the MER 2022 as the AT considered that section 6(3) of the MLFTP Act, provided requirements for accountable institutions to update regularly their risk assessments. Subsequent to the MER, Eswatini amended section.6(3) of the MLFTP Act and the new section requires FIs and DNFBPs to keep create maintain and update regularly a record of actions taken under ML/TF risk assessment. ***Hence c.1.10(c) is re-rated Met.***

d) ***(Mostly Met)*** This sub-criterion was rated Not Met in the MER 2022. It was noted that under paragraphs 5.1 (c) (a) of the FSRA AML/CFT/PF Guidelines, FIs were required to have appropriate mechanisms in place for providing risk assessments information to the competent authorities. While the FSRA Guidelines did not require FIs to provide risk assessment information to SRBs, FIs under CBE and the DNFBPs were not required to have appropriate mechanisms to provide risk assessment information to both competent authorities and SRBs. Subsequent to the MER, the Guidelines were updated to the effect that Eswatini through CBE Guidelines 1 of 2023 issued by the CBE requires FI under the purview of CBE to avail the outcome of their risk assessment to the CBE. The same goes for FIs under FSRA. Further, DNFBPs through para 2.3.3 of EFIU(DNFBPs) Guidelines, are required to conduct risk assessment and share with the FIU. However, this does not include sharing with the SRBs. ***Hence c.1.10(d) is re-rated Mostly Met. The overall re-rating of c.1.10 is Mostly Met.***

26. ***Criterion 1.11(a)-(Partly Met)*** The MER 2022 had rated this sub-criterion as Mostly Met. This was because paragraphs 4.3 of the CBE AML/CFT/PF Guidelines and 5.2 (b) of the FSRA Guidelines required financial institutions to develop and implement policies, controls and procedures which were approved by senior management in order to enable them to effectively manage and mitigate the identified risks. There was, however, no similar provision for DNFBPs.

27. Subsequent to the MER, Reviewers note that Eswatini, through Guidelines issued by the Central bank of Eswatini and Financial Services Regulatory Authority (FSRA) requires FIs under their purview to have policies, controls and procedures, which are approved by senior management, to enable them to manage and mitigate the risks that have been identified….[paragraphs 4 r/w paragraphs 5, 67 and 68 of the AML/CFT/P 1 of 2023] and [Money Laundering and Financing of Terrorism (Prevention) Guidelines 2026. However, Guidelines issued for DNFBPs by EFIU in sections 2 and 5 do not require DNFBPs to have policies, controls and procedures, which are approved by senior management, to enable them to manage and mitigate the risks that have been identified. What these sections appear to address are requirements in c.1.11(b). [See analysis in c.1.11b below]. *Hence c.1.11(a) is re-rated Partly Met.*

28. ***Criterion 1.11(b)-(Partly Met)*** The MER had rated c.1.11 (b) Mostly Met. This was because paragraphs 4(4) of the CBE AML/CFT Guidelines and 5.2(b)(iii) of the FSRA AML/CFT Guideline required financial institutions to put in place procedures and mechanisms for monitoring implementation of the controls and enhance them, where necessary. However, there were no similar requirements for DNFBPs.

29. Subsequent to the MER, the Reviewers note that the CBE and FSRA have issued new guidelines for entities under their purview in 2023 and 2024 respectively. However, Eswatini has not indicated the specific sections of the guidelines from CBE and FSRA that require financial institutions to put in place procedures and mechanisms for monitoring implementation of the controls and enhance them, where necessary.

30. On the other hand, Eswatini requires senior management of a DNFBP to ensure that of the AML/CFT/PF Compliance Program is adequate to mitigate ML/TF/PF risks and that it is implemented effectively in all relevant business areas, including ensuring adherence to established AML/CFT/PF policies and procedures on a day-to-day basis. Further, the senior Management is required to ensure that policies and procedures are risk-based, proportional, and adequate to mitigate ML and TF risks of the Legal Professional. From the foregoing it is concluded that Eswatini requires the DNFBPs to monitor the implementation of controls and to enhance them as necessary if they are found not to be adequate to mitigate the ML/TF risks. [section 5.2.2 of the EFIU AML/CFT Guidelines]. *Hence c.1.11(b) is rated Partly Met.*

31. ***Criterion 1.11(c)-(Met)*** The MER 2022 had rated this sub-criterion as Partly Met. This was because While S.6 (2)(d)(iii) of the MLTFP Act provides for accountable institutions to conduct regular enhanced monitoring of business relationships only for PEPs, it does not make reference to performance of enhanced due diligence where higher risks are identified. Paragraph 7.11 (b) of the FSRA AML/CFT Guideline requires EDD measures to be taken for higher risk scenarios. This is, however, limited to financial institutions under the purview of the FSRA and not all other financial institutions. Subsequent to the MER 2022 Eswatini introduced the new legal provision which require an accountable institution to conduct enhanced due diligence to all identified higher risk areas, as part of managing the identified risks [Section 6*bis*, 2*ter* of the MLFTP Act]. ***Hence c.1.11(c) is re-rated Met.***

32. Based on the above analysis, the shortcomings are considered moderate as some sub-criteria are not met. ***Hence, the overall re-rating of c.1.11 is Mostly Met.***

33. ***Criterion 1.12 (Mostly Met)*** This criterion was rated Mostly Met in MER 2022. This was because Section 6***bis*** (7) (b) of the MLFTP Act, 2011 allowed financial institutions and DNFBPs to exempt certain transactions from CDD process and they did so based on their own internal risk assessments unless there was reason to suspect that the transaction was suspicious or unusual. The exemption, however, was not based on identified lower risks, and the country had also Not Met c.1.9 to c.1.11. Subsequent to the MER 2022, Eswatini introduced new legal provisions which allow financial institutions and DNFBPs to exempt certain transactions from CDD process based on the national risk assessment (see analysis under c1.6, c.1.7, and c.1.8 above). However, deficiencies in c.1.10 to 1.11 have a cascading effect on c.1.12. ***Hence c.1.12 remains Mostly Met.***

Overall Conclusion and Weighting

34. Eswatini has conducted a second NRA whose reports (NRA Reports on ML and on TF) were approved in 2023. The reports have highlighted the threats and vulnerabilities levels in the country upon which Eswatini has developed strategic and implementation plans to address deficiencies in its AML/CFT system based on the results of the NRA Reports albeit, the strategic plan and the implementation plan not indicating how resources shall be allocated to

address cross border deficiencies. The country further promulgated the AML/CFT/PF Miscellaneous Amendments Act, 2024 to address deficiencies in Recommendation 1 which required a legal basis to be met. The shortcomings in in criteria 1.5, 1.9, 1.10, 1.11, and 1.12 are considered minor. **Recommendation 1 is re-rated Largely Compliant.**

3.2.2 Recommendation 2 –National Cooperation and Coordination

(Originally rated PC–Proposed rating- (LC)

	Year	Rating
MER	**2022**	**PC**
FUR 1	**2023**	PC (not re-assessed)
FUR 2	**2024**	PC (not re-assessed)
FUR 3	**2025**	**↑LC**

35. ***Criterion 2.1 (Met)*** This criterion was rated Not Met in the MER 2022. Eswatini did not have national AML/CFT/PF policies which were informed by ML/TF risks.

36. Subsequent to the MER, Eswatini developed the National Policy and Strategic Plan, 2023/2028, with implementation plan based on their National Risk Assessment Reports of 2023. The National Policy and Strategic plan aim to address the ML and TF risk identified in the NRA and ensure that allocation of resources to address high risk areas. The policy in particular underscores a risk-based approach in implementing the AML/CFT measures. The policy is intended to run for 5 years with its review set at 3rd year. ***Hence, c2.1 is re-rated Met.***

37. ***Criterion 2.2 (Met)*** There has not been changes in law affecting this criterion since the last MER. ***Hence c.2.2 remains Met.***

38. ***Criterion 2.3 (Met)*** There has not been changes in law affecting this criterion since the last MER. ***Hence c.2.3 remains Met.***

39. ***Criterion 2.4 (Met)*** This criterion was rated Not Met in the MER 2022. This was because Eswatini did not have cooperation and coordination mechanisms to combat the financing of proliferation of weapons of mass destruction. Subsequent to the MER 2022, Eswatini amended the MLFTP Act which has extended the mandate of the Task Force to cover cooperation and coordination to combat the financing of proliferation of weapons of mass destruction, similar to the measures in c.2.2 and c.2.3. [section 40 of the MLFTP 2011, as amended]. ***Hence 2.4 is re-rated Met***

40. ***Criterion 2.5 (Partly Met)*** This criterion was rated Not Met in the MER 2022. The AT had established that there was no cooperation and coordination between relevant authorities to ensure the compatibility of AML/CFT/PF requirements with Data Protection and Privacy rules and other similar provisions.

41. Subsequent to the MER 2022 Eswatini amended the MLFTP to address the deficiency. Section 40(h) of the MLFTP Act, 2011 as amended in 2024 empowers the Task Force to coordinate co-operation between relevant authorities to ensure the compatibility of countering Anti Money Laundering /Countering Financing of Terrorism and Countering Proliferation requirements

with Data Protection and Privacy rules and other similar provisions including data security or localization. However, Eswatini has not demonstrated how in practice the relevant data protection authority and the AML/CFT authorities cooperate and coordinate to ensure the compatibility of AML/CFT requirements with Data Protection Act. *Hence c.2.5 is re-rated **Partly Met**,*

Overall Conclusion and Weighting

42. Eswatini has amended its laws to address R. 2. However, authorities have not demonstrated how the deficiency in c.2.5 has been addressed. Furthermore, the amendment introduced in section 40 (h) of the MLFTP Act 2011 seeks to empower the Task Force to coordinate co-operation between relevant authorities to ensure the compatibility of countering Anti Money Laundering /Countering Financing of Terrorism and Countering Proliferation requirements with Data Protection and Privacy rules and other similar provisions including data security or localization. Nevertheless, as highlighted in c.2.5 Eswatini has not demonstrated how this provision is implemented. There are, therefore, minor shortcomings in R.2. **Eswatini is re-rated Largely Compliant with Recommendation 2.**

3.2.3 Recommendation 10 –Customer Due Diligence

(Originally rated PC–Proposed rating- LC)

	Year	Rating
MER	2022	PC
FUR 1	2023	PC (not re-assessed)
FUR 2	2024	PC (not re-assessed)
FUR 3	2025	↑LC

43. ***Criterion 10.1 (Met).*** Section 9 of the MLFTP Act 2011 prohibits financial institutions from opening, operating or maintaining anonymous accounts or any account which is in a fictitious, false or incorrect name, and there has not been changes in law affecting this criterion since the last MER; therefore, ***c.10.1 remains Met.***

44. ***Criterion 10.2 (Met)*** Section6bis (1) of the MLFTP Act 2011 provides for performance of customer due diligence by financial institutions under the following circumstances; and there have not been changes in law affecting this criterion since the last MER**.**

    a) **(Met)** Section6 bis(1)(a) of the MLFTP Act 2011 requires financial institutions to ascertain the identity of a customer when entering into continuing business relationship, ***and therefore c.10.2 (a) remains Met.***
    b) **(Met)** when conducting any transaction (Section6 bis(1)(a) of the MLFTP Act 2011), ***and therefore c.10.2 (b) remains Met.***
    c) **(Met)** when carrying out an electronic funds transfer (Section 6bis(1)(b) of the MLFTP Act 2011). The law does not provide for any threshold; hence any wire transfer is subject to CDD measures, ***and therefore c.10.2 (c) remains Met.***
    d) **(Met)** when there is suspicion of ML/TF (Section 6 bis(1)(c) of the MLFTP Act 2011), including suspicion on an occasional transaction not exceeding two thousand, five

hundred Emalangeni (E2,500/USD 170) as provided under Section6(7)(b) of the MLFTP Act 2011, ***and therefore c.10.2 (d) remains Met.***

e) **(Met)** when there is doubt about the veracity or adequacy of the customer identification and verification documentation or information it had previously obtained (Section6bis(1)(d) of the MLFTP 2011), ***and therefore c.10.2 (e) remains Met.***

45. Based on the above analysis, there have not been changes in law affecting this criterion since the last MER, and ***consequently, the overall rating of c.10.2 remains Met.***

46. ***Criterion 10.3(Met)*** This criterion was considered Partly Met in the MER 2022. Although the law covered for identification and verification of the customer based on reliable and independent source documents, data or information or other evidence as is reasonably capable of verifying the identity of the customer. The main shortcoming was relating to the term "customer". While the term covers both natural and legal persons, it does not cover both occasional and permanent customers. The new provision under Section 3 of the AML/CFT/PF Miscellaneous Amendments Act, 2024 addresses the c.10.3 requirements by covering both occasional and permanent customers. ***Hence c.10.3 is re-rated Met.***

47. ***Criterion 10.4(Met)*** This criterion was considered Partly Met in the MER 2022. Section6bis(2)(c) of the MLFTP Act, 2011 required financial institutions to verify that any person purporting to act on behalf of the customer is so authorized and identify those persons. However, the provision was limited to the identification of the identity of the person who purports to act on behalf of the customer but not verification of the identity of that person. The new provision under Section 7 of the AML/CFT/PF Miscellaneous Amendments Act, 2024, now extends the requirement to verify the identity of the person acting on behalf of the customer. ***Hence c.10.4 is re-rated Met.***

48. ***Criterion 10.5(Met)*** This criterion was considered Not Met in the MER 2022. Section 6bis (1) of the MLFTP Act 2011 obliged financial institutions to ascertain the identity of a customer or beneficial owner (BO). The identification of a beneficial owner was not mandatory, and there was also no requirement to take reasonable measures to verify the identity of the beneficial owner using the relevant information or data obtained from a reliable source. The new provision under Section 7 (6 bis) (1) of the AML/CFT/PF Miscellaneous Amendments Act, 2024 provides for mandatory BO identification. The provision further provides for a requirement to verify BO identity using relevant and reliable information. ***Hence c.10.5 is re-rated Met.***

49. ***Criterion 10.6(Met)*** This criterion was considered Partly Met in the MER 2022. Section6bis(2)(a) of the MLFTP Act, 2011 obligated financial institutions to obtain information on the purpose and nature of the business relationship. However, there was no obligation for FIs to understand the business relationship. This is provided under Paragraph 27 (iii) of the AML/CFT/PF Risk Based Approach Guideline for Entities Licensed by the CBE No.1 of 2023, which requires FIs to understand the purpose and intended nature of the business relationship. Furthermore, under Appendix 7, Paragraph 4 of the AML/CFT/PF Risk Based Approach Guideline for Entities Licensed by the CBE No.1 of 2023, it requires institutions to understand and obtain information on the purpose and nature of the business. ***Hence c.10.6 re-rated Met.***

50. ***Criterion 10.7(Met)*** In the June 2022 MER the criterion was rated Partly Met;

a) *(Met)* In the June 2022 MER, this sub-criterion was rated Partly Met, financial institutions were required to monitor their business relationships and the transactions undertaken throughout the course of the relationship, and that the transactions conducted are consistent with the information that the financial institution has of its customer and the profile of the business of the customer. However, there were shortcomings with "monitoring" as provided in the law, as to whether it is equivalent to conducting on-going due diligence by way of scrutinizing transactions. Additionally, another deficiency was that "information" does not relate to the institution's "knowledge" of the customer when conducting monitoring by the financial institution. Under the new Section 13 of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it now covers for the obligation to conduct on-going due diligence consistent with the entity's knowledge of the customer; their business and risk profile, including where necessary, the source of funds. ***Hence c.10.7(a) is re-rated Met.***

b) ***(Met)*** In the June 2022 MER this sub-criterion was rated Partly Met, financial institutions were required to conduct periodic reviews of customer identification information obtained to ensure that the information was kept up-to-date, particularly for higher-risk categories of customers. However, there were no similar requirements for other FIs not covered by the FSRA Guideline. Accountable entities that are FIs under the purview of the CBE are also subjected to ensuring that documents, data or information collected under the CDD process is kept up-to-date and relevant. Under Appendix 7, Paragraph 10 of the AML/CFT/PF Risk Based Approach Guideline for Entities Licensed by the CBE No.1 of 2023, it subjects FIs under the CBE purview to undertake these requirements. ***Hence c.10.7(b) is re-rated Met.***

51. Based on the above analysis, there are shortcomings under c.17.(b), and ***consequently, the overall c.10.7 is re-rated Met.***

52. ***Criterion 10.8(Met)*** In June 2022 MER this criterion was rated Partly Met, financial institutions were required to adequately identify and verify the legal existence and structure of a legal entity, including information relating to principal owners and beneficiaries and control structure. However, Section6 of the MLFTP Act,2011 did not extend to a customer who is a legal arrangement, and there was no legal requirement for FIs to understand the nature of the customer's business. Under the new Section 7(b) (6 bis (1) (c) (i-iv)) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it now extends to customers who are a legal arrangement; and it further requires FIs to understand the nature of the customer's business. ***Hence c.10.8 is re-rated Met.***

53. ***Criterion 10.9(Met)*** In the June 2022 MER this criterion was rated Partly Met, for customers that are legal persons or legal arrangements, the financial institutions were required to identify the customers as follows;

a) *(Met)* This sub-criterion was considered Partly Met in the MER 2022, the requirement to obtain the name, legal form and proof of existence was available in law, however, it did not extend to a customer who is a legal arrangement. Under the new Section 7(b) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, the provision now includes a customer who is a legal arrangement, and ***consequently, c10.9(a) is re-rated Met.***

b) *(Met)* This sub-criterion was considered Partly Met in the MER 2022. The legal provision under S.6bis (2)(c)(iii) of the MLFTP Act,2011, in the June 2022 MER, was only limited to just the power to bind. Further, the requirement did not extend to a customer who is a legal arrangement. In addition, there was no provision on the powers to identify and verify the names of the relevant persons having senior management positions in the legal person or arrangement. Under Section 7 (f) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, the new provision (2 quin) extends to a customer who is a legal arrangement, and adequately covers for the powers to regulate and bind the arrangement, identification and verification of settlors, trustees, protectors, beneficiaries, beneficial owners and any other parties with authority to manage, vary, or control the arrangement. ***consequently, c10.9 (b) is re-rated Met.***

c) ***(Met)*** In the June 2022 MER, this sub-criterion was rated Partly Met. Financial institutions are required to adequately identify and verify the customer's address; however, the legal provision did not show that the address should be for the registered office, or if different, a principal place of business. Under the new Section 7(f) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it now states that the identified and verified customer address should be for the registered office, and ***consequently, c10.9(c) is considered Met.***

54. Based on the above analysis, all the shortcomings have been addressed, and consequently, ***the overall c.10.9 is re-rated Met*****.**

55. ***Criterion 10.10(Met)-*** In the June 2022 MER this criterion was rated Partly Met, for customers that are legal persons, financial institutions were required to identify and take reasonable measures to verify the identity of the beneficial owner as follows; S.6bis (2) (c) (ii) of the MLFTP Act 2011 required financial institutions to identify and verify the principal owners and beneficiaries and the control structure for customers that are legal persons.

56. S.2 of the MLTFP Act defines a beneficial owner as a person who ultimately owns, controls a customer and/or the person on whose behalf a transaction is being conducted and includes those persons who exercise effective control over a legal person or arrangement. In view of this definition, principal owners and beneficiaries are not regarded as beneficial owners as required by the criterion, the definition does not adequately fit the requirement under s.6bis (2) (c) (ii) of the MLTFP Act,2011.

(a) ***(Met)*** In the June 2022 MER this sub-criterion was rated Partly Met. The definition of beneficial owner under Section 2 of the MLFTP Act,2011, did not regard principal owners and beneficiaries as beneficial owners in line with the Standards. Under the new Section 3 of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it now provides for a new definition of beneficial owner to include principal owners and beneficiaries. The new term is as follows, *"beneficial owner"* means;

(a) in the case of a legal person: a natural person or persons who independently or together with another person or persons. ultimately owns or controls a customer, directly or indirectly. including through a chain of ownership or by means of control other than direct control,

(b) in the case of a transaction: a natural person or persons on whose behalf a transaction is being conducted. and includes a natural person(s) who exercise ultimate effective control over a legal person or arrangement,

(c) in the case of a legal arrangement including a trust. includes the settlor(s). the trustee(s), the protector(s) (if any), each beneficiary or where applicable, the class of beneficiaries and objects of a power, and any other natural person(s) exercising ultimate effective control over the arrangement,

(d) *in the case of a life or other investment linked insurance policy. the natural person or persons who ultimately benefit from the life or other investment linked insurance policy.* ***Hence c.10.10(a) is re-rated Met.***

(b) ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met, there was no specific requirement for financial institutions to ensure that to the extent that there is doubt under, as to whether the person(s) with the controlling ownership interest is the beneficial owner(s) or where no natural person exerts control through ownership interests, the identity of the natural person(s) (if any) exercising control of the legal person or arrangement is identified and verified through other means. Under the new Section 7(a) of the AML/CFT/PF Miscellaneous Amendments Act,2024, it now has specific requirements to verify beneficial owners with controlling ownership interest. This is specifically addressed by amending the definition of beneficial owner to cover persons with controlling interest**.** Furthermore, the definition of "person" means any natural or legal person and includes a body of persons, whether it has legal personality or not, under Section 2 of the MLFTP Act,2011. ***Hence c.10.10 (b) is re-rated Met.***

(c) ***(Met)*** In the June 2022 MER this sub-criterion was rated Partly Met, financial institutions are required to identify each natural person who otherwise exercises executive control or management or similar position in the legal person, where no natural persons ultimately own the legal person. However, there were no similar requirements for financial institutions outside the ambit of the FSRA. Under the new Section 7(a) of the AML/CFT/PF Miscellaneous Amendments Act,2024, it now provides for requirements that obligate f financial institutions outside the Financial Services Regulatory Authority (FSRA) purview, as they are designated as Accountable Institutions in Eswatini. ***Hence c.10.10(c) is re-rated Met.***

57. Based on the above analysis, all the shortcomings were addressed under the criterion. ***Hence, the overall c.10.10 is re-rated Met.***

58. ***Criterion 10.11 (Met)*** In the June 2022 MER this criterion was rated Not Met, the FSRA required financial institutions to identify and take reasonable measures to verify the identity of beneficial owners for customers that are legal arrangements. However, there were no similar requirements for financial institutions outside of the FRSA's mandate.

a) ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met. There were no provisions requiring financial institutions to take reasonable measures to verify the identity of the settler, the trustee, protector (if any) and beneficiaries or class of beneficiaries and any other person exercising ultimate effective control of the trust. Under the new Section 7(f) of the AML/CFT/PF Miscellaneous Amendments Act, 2024 (2 quin), it covers the requirements under this criterion, that also include FIs under the FSRA's mandate, as they are Accountable Institutions. ***Hence c.10.11(a) is re-rated Met.***

b) ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met. There were no provisions requiring financial institutions to take reasonable measures to identify persons in equivalent or similar positions for other types of legal arrangements. Under the new Section 7(f) of the AML/CFT/PF Miscellaneous Amendments Act, 2024 (2 quin), it provides for additional requirements for Accountable Institutions to identify and take reasonable measures to verify the identity of beneficial owners, for other types of legal arrangements, by verifying information on the identity of persons in equivalent or similar positions in a legal arrangement. ***Hence c.10.11(b) is re-rated Met.***

59. Based on the above analysis, all the shortcomings were addressed under the criterion. ***Hence, the overall c.10.11 is re-rated Met.***

60. Criterion ***10.12 (Met)*** In the June 2022 MER this criterion was rated Not Met The main deficiency in this criterion was that there were no specific requirements in law for financial institutions to identify and verify the customer or beneficial owner of life insurance and other related investment insurance policies in a manner set out in the criteria.

a) ***(Met)***- In the June 2022 MER this sub-criterion was rated Partly Met There was no requirement in place for financial institutions to conduct CDD measures for a beneficiary that is identified as specifically named natural or legal persons or legal arrangements by taking the name of the person. The new requirement is provided under Section 7(i) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, which now requires financial institutions to obtain the name of such a beneficiary. ***Hence c.10.12(a) is re-rated Met.***

b) ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met There was no requirement in place for financial institutions to conduct CDD measures for a beneficiary that is designated by characteristics or by class or by other means by obtaining sufficient information concerning the beneficiary to satisfy the financial institution that it will be able to establish the identity of the beneficiary at the time of the payout. The requirement is now covered under the new Section 7(i) of the AML/CFT/PF Miscellaneous Amendments Act,2024, which provides for conducting CDD on a beneficiary that is designated by characteristics, or class, or by other means; at the time of payout. ***Hence c.10.12(b) is re-rated Met.***

c) ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met There was no requirement in place for financial institutions to conduct CDD measures for both the above cases, where verification of the identity of the beneficiary should occur at the time of the payout. Under the new Section 7(i) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for the requirement to verify identity of the beneficiary at the time of pay-out for both the above-mentioned instances. ***Hence c.10.12 (c) is re-rated Met.***

61. Based on the above analysis, all the shortcomings were addressed under the criterion, ***hence, the overall c.10.12 is re-rated Met.***

62. ***Criterion 10.13(Met*** In the June 2022 MER this criterion was rated Not Met., There was no legal provision requiring financial institutions to include the beneficiary of a life insurance policy as a relevant risk factor in determining whether enhanced CDD measures are applicable and require enhanced measures on a risk-sensitive basis, which should include reasonable measures to establish and verify the true identity of the beneficial owner of the beneficiary, at the time of pay-out.Under the new Section 7(i) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it requires FIs to include the beneficiary of a life insurance policy as a relevant risk factor in determining whether enhanced CDD measures are applicable. ***Hence c.10.13 is re-rated Met.***

63. ***Criterion 10.14(Partly Met)*** In the June 2022 MER this criterion was rated Partly Met. The legal framework in Eswatini did not provide for completion of verification after the establishment

of the business relationship. Further, the provisions in the June 2022 MER did not cover verification of the identity of beneficial owners before or during the course of establishing a business relationship. Verification of both customers and beneficial owners when conducting transactions for occasional customers was also not provided for.

a) ***(Met)*** In the June 2022 MER this sub-criterion was rated Partly Met. There were no requirements for verification which occurs as soon as reasonably practicable. Under the new Section 7(a) of the AML/CFT/PF Miscellaneous Amendments Act,2024, it requires FIs to verify the identity of the customer and beneficial owner, which should be done as is reasonably capable by the accountable institution. ***Hence c.10.14 (a) is re-rated Met.***
b) ***(Partly Met)*** In the June 2022 MER this sub-criterion was rated Partly Met. There was no requirement for financial institutions to ensure that timing of verification is essential not to interrupt the normal conduct of business. The new provision under Section 7(a) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, obligates accountable institutions to verify customers identity and to monitor transactions. However, the provision lacks the aspect of whether the identification and verification timing done by the accountable institutions should not interrupt the normal conduct of business. ***Hence c.10.14 (b) remains Partly Met.***
c) **(Partly Met)** In the June 2022 MER this criterion was rated Partly Met. There was no requirement in place for financial institutions to ensure that the timing of verification should consider that the ML/TF risks are effectively managed. The new provision under Section 7(a) of the AML/CFT/PF Miscellaneous Amendments Act,2024 provides for timing of verification that considers situations where there is a suspicion of a money laundering offence or the financing of terrorism. The provided provision, however, cites on "suspicion of ML/TF offences" as opposed to effective managing of ML/TF risks. ***Hence c.10.14 (c) remains Partly Met.***

64. Based on the above analysis, there are remaining moderate shortcomings which needs to be addressed under the criterion, ***hence, the overall c.10.14 remains Partly Met.***

65. ***Criterion 10.15*** (**N/A)** Under the Eswatini laws, no business relationship can be established prior to verification, and there is no change in the law that warrants a re-rating, ***hence c.10.15 remains N/A.***

66. ***Criterion 10.16(Not Met)*** In the June 2022 MER this criterion was rated Not Met. There were no provisions requiring financial institutions to apply CDD requirements to existing customers on the basis of materiality and risk, and to conduct due diligence on such existing relationships at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained. The provided new Section 13 of the AML/CFT/PF Miscellaneous Amendments Act,2024, does not clearly cover the obligation to undertake CDD on existing customers or clients in line with the requirements of this criterion. ***Hence c.10.16 remains Not Met.***

67. ***Criterion 10.17(Met)*** In the June 2022 MER this criterion was rated Partly Met, financial institutions were required to apply EDD measures to all higher-risk business relationships, customers and transactions. However, there were no similar requirements for financial institutions outside of the ambit of the FSRA. This is addressed under the new Section 7(f)(2ter) of the AML/CFT/PF Miscellaneous Amendments Act,2024, provides for conducting EDD by

all financial institutions as Accountable Institutions, to all identified higher risk areas. The amended provision extends the obligation to provide in any compliance management arrangement the manner and processes by which an FI conduct EDD for high-risk business relationship, including a single transaction to satisfy the met threshold. ***Hence c.10.17 is re-rated Met.***

68. ***Criterion 10.18 (Mostly Met)*** In the June 2022 MER this criterion was rated Partly Met, simplified CDD measures are not allowed where there is a suspicion of ML/TF, or where specific higher risk scenarios apply. However, there were no similar requirements for financial institutions outside of the purview of the FRSA. Under the new Section 7(h) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for simplified CDD measures where lower risks have been identified. Furthermore, under the new Section 8 (6ter) (2) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for undertaking SDD for low risks in line with the country's NRA; and conducting EDD for higher risk areas. The provisions, however, lacks the requirement for SDD measures not to be acceptable whenever there is "suspicion of ML/TF ***Hence c.10.18 is re-rated Mostly Met.***

69. ***Criterion 10.19(Met)*** In the June 2022 MER this criterion was rated Partly Met, where a financial institution is unable to comply with relevant CDD measures, it is required under s.7 of the MLFTP Act, 2011;

a) ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met. Not to proceed any further with the transaction unless directed to do so by EFIU. However, there was no legal provision not to open the account, commence business relationship or to terminate the business relationship. Under the new Section 7 (f) (2 bis) of the AML/CFT/PF Miscellaneous Amendments Act,2024, it now provides for measures where an accountable institution is required not to open the account, commence business relations or perform the transaction; or should be required to terminate the business relationship. ***Hence c.10.19(a) is re-rated Met.***

b) ***(Met)*** The accountable institution is required to make a suspicious transaction report to the EFIC in relation to the customer and there have not been any changes in law affecting this criterion since the last MER, consequently ***c.10.19(b) remains Met.***

70. Based on the above analysis, all the deficiencies under the criterion have been addressed, ***hence, the overall c.10.19 is re-rated Met.***

71. ***Criterion 10.20 (Met)*** In the June 2022 MER this criterion was rated Not Met, there was no specific obligation for cases where financial institutions form a suspicion of ML/TF, and they reasonably believe that performing the CDD process will tip-off the customer, they should be permitted not to pursue the CDD process, and instead should be required to file an STR. Under the new Section 15 (13 bis) of the AML/CFT/PF Miscellaneous Amendments Act,2024, it provides for not conducting CDD where accountable institutions form a suspicion of ML or TF, and should consequently file a STR. ***Hence c.10.20 is re-rated Met.***

Overall Conclusion and Weighting

72. Eswatini has addressed most of the outstanding deficiencies in R.10, mostly through the enactment of the AML/CFT/PF Miscellaneous amendments Act, 2024 and the requirements under the Guidelines for financial institutions which were outside the purview of the FSRA.

There are shortcomings remaining which relate to having no requirements in place to verify the identity of the customer and beneficial owner before or during the course of establishing a business relationship or conducting transactions for occasional customers; or (if permitted) may complete verification after the establishment of the business relationship, on the basis that it is essential not to interrupt the normal conduct of business. There are also no requirements in place to apply CDD requirements to existing customers on the basis of materiality and risk, and to conduct due diligence on such existing relationships at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained. **Based on the above, the reviewers recommend a re-rating of Rec.10 from Partially Compliant to Largely Compliant.**

Recommendation 12 –Politically Exposed Persons

(Originally rated PC–Proposed rating- C)

	Year	Rating
MER	**2022**	**PC**
FUR 1	**2023**	PC (not re-assessed)
FUR 2	**2024**	PC (not re-assessed)
FUR 3	**2025**	↑**C**

73. ***Criterion 12.1(Met)*** In the June 2022 MER this criterion was rated Partly Met. In Eswatini, the definition of a Foreign PEP did not include senior politicians and important political party officials, which may affect proper application of enhanced due diligence measures when dealing with PEP clients The requirements of the criterion are provided for as follows;

a) ***(Met)*** In the June 2022 MER this sub-criterion was rated Partly Met. Financial institutions were required to have appropriate risk management systems to determine whether the customer is a politically exposed person. The legal provisions, however, did not extend to beneficial owners. Under the new Section 7(c)(v) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for putting in place risk management systems to determine whether a customer or the beneficial owner is a PEP. ***Hence c.12.1(a) is re-rated Met.***

b) ***(Met)*** In the June 2022 MER this sub-criterion was rated Partly Met. Financial institutions were required to obtain the approval of senior management before establishing a business relationship with the customer who is a PEP. However, the legal provision did not cover existing customers who become PEPs. Eswatini has amended the Money Laundering & Financing of Terrorism (Prevention) Act in 2024 to require FIs to obtain senior management approval before (i) establishing or (ii) continuing, for existing customers a business relationship. This covers customers who subsequently become PEPs. (the new Section 6bis(d)). ***Hence c.12.1(b) is re-rated Met.***

c) ***(Met)*** In the June 2022 MER this sub-criterion was rated Partly Met. Financial institutions were required to take reasonable measures to establish the source of wealth and source of property for all transactions conducted by natural persons. However, the provision did not extend to beneficial owners. Under the new Section 7(d)(iii) of the AML/CFT/PF

Miscellaneous Amendments Act, 2024, it provides for taking reasonable measures to establish the source of wealth and the source of funds of customers and beneficial owners identified as PEPs. ***Hence c.12.1(c) is re-rated Met.***

d) ***(Met)*** In the June 2022 MER this sub-criterion was rated Partly Met. Financial institutions were required to conduct regular enhanced monitoring of the business relationship established with PEPs, however, there was a shortcoming with the term "regular" which seems not to mean the same as "on-going", as required by the Standards. Under the new Section 7 (d) (iv) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for conducting enhanced on-going monitoring of that relationship. ***Hence c.12.1(d) is re-rated Met.***

74. In view of the above, all the deficiencies under the criterion (a)-(d) have been addressed, ***hence, the overall c.12.1 is re-rated Met.***

75. ***Criterion 12.2 (Met)-*** In the June 2022 MER this criterion was rated Partly Met. In relation to domestic PEPs or persons who have been entrusted with a prominent function by an international organisation, in addition to performing the CDD measures required under Rec.10, financial institutions were required to;

a) ***(Met)*** In the June 2022 MER this sub-criterion was rated Partly Met. There is no legal provision requiring financial institutions to take reasonable measures to determine whether a customer or the beneficial owner is such a person, and this has been addressed through the new Section 3 of the AML/CFT/PF Miscellaneous Amendments Act,2024, by amending the definition of a PEP to include domestic PEPs as follows; *"politically exposed person" means a person who holds or who has held a prominent public position other than as a middle ranking or more junior official, whether in Eswatini or in a foreign country including, but not limited to;*

i. Head of State or Government;

ii. politician on the national level;

iii. senior government. Judicial, Military, or party official on the national level;

iv. a senior executive of a state-owned enterprise; or

v. an individual or undertaking identified as having close family ties or personal or business connections to any of the aforementioned persons; (vi)an International Organization, a person who is a member of senior management at such international organization including but not limited to directors, deputy directors, and members of the board or equivalent positions, or an individual or undertaking identified as having family or personal or business connections close to such International Organization's senior official.

Undertaking of such reasonable measures includes beneficial owners who are identified as PEPs, under the new Section 7(d)(iii) of the Miscellaneous Act,2024. ***Hence c.12.2(a) is re-rated Met.***

b) ***(Met)*** In the June 2022 MER this sub-criterion was rated Partly Met. There was no legal provision requiring financial institutions to take reasonable measures to determine whether a customer or the beneficial owner is a PEP, in the case of persons who have been entrusted with a prominent function by an international organization. Under the new Section 3(j) of the AML/CFT/PF Miscellaneous Amendments Act,2024, it amended the definition of a PEP to include persons who have been entrusted with a prominent function by an international organization. In this case, under Section 7(d) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for CDD measures in cases when there is higher risk business relationship with such a person, by adopting the measures in criterion 12.1 (b) to (d). These measures are also required or extended to domestic PEPs, as the new definition covers them as well. ***Hence c.12.2(b) is re-rated Met.***

76. In view of the above, all the deficiencies under the criterion (a) and (b) have been addressed, ***hence, the overall c.12.2 is re-rated Met.***

77. ***Criterion 12.3(Met)*** In the June 2022 MER this criterion was rated Partly Met. The requirements for PEPs under criteria 12.1 and 12.2 also applied to family members or close associates of PEPs. However, there was a deficiency with respect to family members and close associates of an international organisation or an existing customer who becomes a PEP, that are not covered by the legal provisions. Under the new Section 3(j) of the AML/CFT/PF Miscellaneous Amendments Act,2024, the amendment of the PEP definition extends to family members or close associates to address the deficiency. ***Hence c.12.3 is re-rated Met.***

78. ***Criterion 12.4(Met)*** In the June 2022 MER this criterion was rated Partly Met. Financial institutions were required to take reasonable measures to determine whether the beneficiaries and/or, where required, the beneficial owner of the beneficiary, are PEPs. There was, however, no similar provision for all other financial institutions outside the ambit of the Financial Services Regulatory Authority (FSRA).

79. Under the new Section 7(i) of the AML/CFT/PF Miscellaneous Amendments Act,2024, it now requires accountable institutions (including those outside the purview of the FSRA), to take reasonable measures to determine whether the beneficiaries and/or, where required, the beneficial owner of the beneficiary, are PEPs, the latest being at the time of the payout, and where higher risks are identified, financial institutions are required to inform senior management before the payout of the policy proceeds, to conduct enhanced scrutiny on the whole business relationship with the policyholder, and to consider making a suspicious transaction report. ***Hence c.12.4 is re-rated Met.***

Overall Conclusion and Weighting

80. The deficiencies which were identified in the June 2022 MER for Rec.12 have all been addressed in the new legal provisions contained in the AML/CFT/PF Miscellaneous Amendments Act,2024. **Based on the above, the reviewers recommend a re-rating of Rec.12 from Partially Compliant to Compliant.**

Recommendation 14 – Money or value transfer services

(Originally rated PC–Proposed rating- LC)

	Year	Rating
MER	**2022**	**PC**
FUR 1	**2023**	PC (not re-assessed)
FUR 2	**2024**	PC (not re-assessed)

81. ***Criterion 14.1(Met)*** In the June 2022 MER this criterion was rated Partly Met. The Mobile Money Transfer (MMT) Practice Note No.1/2019/NPSS under the Central Bank of Eswatini (CBE) requires Mobile Money Transfer Service (MMTS) providers to be licensed or registered with the Bank. The main shortcoming was that there were no legal provisions covering the licensing and/or registration of MVTS providers which fall outside the Practice Note. Section 9 of the of the National Payments System Act,2023, provides for licensing of payment system categories which extend to providers outside the ambit of the CBE Practice Note. The new provision under Section 10(1) of the National Payments System Act, 2023, aligns with the requirement that natural or legal persons providing Money or Value Transfer Services (MVTS) should be licensed or registered. ***Hence c.14.1 is re-rated Met.***

82. ***Criterion 14.2 (Partly Met)*** In the June 2022 MER this criterion was rated Not Met. Eswatini has not demonstrated that it has taken the necessary action to identify natural or legal persons that carry out MVTS without a license or registration and issued proportionate and dissuasive sanctions. The new provisions under Sections 16(1), 16(3) and 16(4) of the National Payments System Act, 2023, provide the framework for licensing MVTS providers and imposing proportionate and dissuasive sanctions on those operating without a license.

83. Eswatini has undertaken collaboration efforts through cases in which the Central Bank of Eswatini (CBE) conducted investigations to identify MVTS providers operating without a license. The authorities have not demonstrated that any of these actions have resulted in proportionate and dissuasive sanctions being imposed, which is highly irregular given that MVTS, although not very significant, are vulnerable to ML/TF. The 2022 MER findings further indicate that 85% of Swazi adults are financially included due to mobile money services, and Eswatini's heavy reliance on cash reflects its vast informal economy, which makes up 70% of the market. ***Hence c.14.2 is rated Partly Met.***

84. ***Criterion 14.3 (Met)*** In the June 2022 MER this criterion was rated Partly Met. There were no provisions in place for other types of MVTS operators which fall outside the CBE Mobile Money Transfer (MMT) Practice Note No.1/2019/NPSS to be subjected to monitoring for AML/CFT compliance. Under Sections 31(1) and 31(2) of the National Payments System Act,2023, they subject MVTS providers to the prescribed requirements contained in the AML/CFT/PF legislation, regulations and guidelines. Additionally, they are also accountable for the compliance of their agents and third parties. ***Hence c.14.3 is re-rated Met.***

85. ***Criterion 14.4 (Met)*** In the June 2022 MER this criterion was rated Partly Met. MMTS operators are required to keep a registry of its agents, including the name and address of such agents, and the registry is to be made available for inspection by the Central Bank. The requirement, however, did not cover agents for other MVTS providers. The requirements under the new Section 29 (3)(4) of the National Payments System Act, 2023 address this deficiency by requiring agents for MVTS providers to be licensed or registered by the Central Bank of Eswatini (CBE). ***Hence c.14.4 is re-rated Met.***

86. ***Criterion 14.5 (Met)*** In the June 2022 MER this criterion was rated Not Met There was no legal provision requiring MVTS providers that use agents to include them in their AML/CFT

programmes and monitor them for compliance with the programmes. Under the new Section 31(2) of the National Payments System Act, 2023, it requires MVTS providers to be accountable for the AML/CFT/PF compliance of their agents and third parties. *Hence c.14.5 is re-rated Met.*

Overall Conclusion and Weighting

87. The shortcomings under Rec.14 have been mostly addressed through the new provisions in the National Payments System Act, 2023, however there are minor deficiencies where the authorities have not demonstrated that they have taken actions that have resulted in proportionate and dissuasive sanctions against illegal MVTS providers. **Based on the above, the reviewers recommend the re-rating of Rec.14 from Partially Compliant to Largely Compliant.**

Recommendation 16 – Wire Transfers

(Originally rated NC–Proposed rating- PC)

	Year	Rating
MER	**2022**	**NC**
FUR 1	**2023**	NC (not re-assessed)
FUR 2	**2024**	NC (not re-assessed)
FUR 3	**2025**	**↑PC**

88. ***Criterion 16.1 (Partly Met)***- In the June 2022 MER this criterion was rated Partly Met. All FIs were required to include accurate originator information and other related messages on electronic funds transfers and that such information shall remain with the transfer. The legal framework in Eswatini applies to all transactions without limiting them to USD/Euro 1,000 threshold. However, there was no provision specifying the type of information to be included.

a) ***(Partly Met)*** In the June 2022 MER this sub-criterion was rated Partly Met. The sub-criterion requires that all cross-border wire transfers are to always be accompanied by the required and accurate originator information. Under the new Section 10(7)(1) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for obtaining required and accurate originator information. The provision, however, is not specific on the type of information to be collected for identifying and verifying the identity of the originator, which in this case should be the "name of the originator" as required by the Standard [c.16.1(a)(i)]. It clearly provides only for required and accurate originator information for [c.16.1(a) (ii) and (iii)]. *Hence c.16.1 (a) remains Partly Met.*

b) ***(Partly Met)*** In the June 2022 MER this sub-criterion was rated Partly Met The sub-criterion requires that all cross-border wire transfers are to always be accompanied by the required beneficiary information. Under the new Section 10 (7)(1) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for obtaining required and accurate beneficiary information. The provision, however, is not specific on the type of information to be collected for identifying and verifying the identity of the originator, which in this case should be the "name of the beneficiary" as per the Standard [c.16.1(b)(i)]. It clearly provides for required and accurate beneficiary information for [c.16.1(b) (ii) and (iii)]. ***Hence c.16.1 (b) remains Partly Met.***

89. ***In*** view of the above, there are remaining deficiencies under the sub-criterions *(a)* and *(b)* that needs to be addressed, ***hence, the overall re-rating of c.16.1 remains Partly Met.***

90. ***Criterion 16.2 (Met)*** In the June 2022 MER this criterion was rated Not Met. There were no requirements for ordering financial institutions to include full beneficiary information in cross-border batch files. Under the new Section 10 (7)(3) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for including all the required and accurate originator information, and full beneficiary information, that is fully traceable within the beneficiary country. ***Hence c.16.2 is re-rated Met.***

91. ***Criterion 16.3 (N/A)*** FIs in Eswatini do not apply the de minimis threshold. Based on s.10 of the MLFTP Act, 2011 the requirement on accompanying relevant originator and beneficiary information is applicable to every cross-border wire transfer irrespective of its amount. ***Hence c.16.3 remains N/A.***

92. ***Criterion 16.4 (Not Met)*** In the June 2022 MER this criterion was rated Not Met. There was no legal provision requiring financial institutions to verify the information pertaining to their customer where there is a suspicion of ML/TF. ***Hence c.16.4 remains Not Met.***

93. ***Criterion 16.5 (Met)*** In the June 2022 MER this criterion was rated Not Met. There was no legal provision on domestic wire transfers requiring the ordering financial institution to ensure that the information accompanying the wire transfer includes originator information as indicated for cross-border wire transfers, and there was no requirement that the information can be made available to the beneficiary financial institution and appropriate authorities by other means. Under the new Section 10 (7)(4) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for domestic wire transfers requiring the ordering of financial institutions to ensure that the information accompanying the wire transfer includes originator information as indicated for cross-border wire transfers. Furthermore, the legal provision caters for the requirement that the information can be made available to the beneficiary financial institution and appropriate authorities by other means. ***Hence c.16.5 is re-rated Met.***

94. ***Criterion 16.6 (Met)*** In the June 2022 MER this criterion was rated Not Met. There was no specific obligation to financial institutions to implement the measures under this criterion. Under the new Section 10 (7) (4) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for the specific obligation for financial institutions to implement the measures under c.16.6. ***Hence c.16.6 is re-rated Met.***

95. ***Criterion 16.7 (Met)*** In the June 2022 MER this criterion was rated Not Met., There was no specific obligation to financial institutions to implement the measures under this criterion. Under the new Section 10 (7)(5) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for a specific obligation for financial institutions to maintain all originator and beneficiary information collected, in accordance with Recommendation 11[provided under Section 8 of the MLFTP Act,2011]. ***Hence c.16.7 is re-rated Met.***

96. ***Criterion 16.8 (Not Met)-*** In the June 2022 MER this criterion was rated Not Met. There was no specific requirement for financial institutions to fulfil this criterion. The provided new

Section 10 (7)(1)(15) of the AML/CFT/PF Miscellaneous Amendments Act,2024, does not explicitly require an ordering financial institution not to be allowed to execute a wire transfer if it does not comply with the requirements specified above at criteria 16.1-16.7. ***Hence c.16.8 remains Not Met.***

97. ***Criterion 16.9 (Met)*** In the June 2022 MER this criterion was rated Not Met. There was no legal provision requiring an intermediary financial institution to ensure that all originator and beneficiary information that accompanies a wire transfer is retained with it. Under the new Section 10 (7)(g)(d) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for a specific obligation for an intermediary financial institution to ensure that all originator and beneficiary information that accompanies a wire transfer is retained with it. ***Hence c.16.9 is re-rated Met.***

98. ***Criterion 16.10 (Met)*** In the June 2022 MER this criterion was rated Partly Met. There was no specific obligation for intermediary FIs to keep records of all the information received from the ordering FI or another intermediary FIs where technical limitations prevent the required originator or beneficiary information accompanying a cross-border wire transfer from remaining with a related domestic wire transfer. Under the new Section 10 (7)(6) of the AML/CFT/PF Miscellaneous Amendments Act,2024, it provides for the intermediary financial institution to keep a record of all the information received from the ordering financial institution or another intermediary financial institution in line with section 8 of the MLFTP Act,2011. ***Hence c.16.10 is re-rated Met.***

99. ***Criterion 16.11(Met)*** In the June 2022 MER this criterion was rated Partly Met. There was no requirement in law on an electronic transfer not containing complete beneficiary information, by requiring FIs to take reasonable measures, which are consistent with straight-through processing, to identify cross-border wire transfers that lack required originator information or required beneficiary information. Under the new Section 10 (7)(7) of the AML/CFT/PF Miscellaneous Amendments Act,2024, it provides for intermediary FIs to undertake reasonable measures in line with c.16.11 requirements. ***Hence c.16.11 is re-rated Met.***

100. ***Criterion 16.12 (Met)*** In the June 2022 MER this criterion was rated Not MetThe requirements under this criterion were not provided in law.

- ***a)*** ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met. The requirements under this sub-criterion were not provided in law. Under the new Section 10 (7)(8) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it requires intermediary and beneficiary FIs to have risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information. ***Hence c.16.12 (a) is re-rated Met.***
- ***b)*** ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met. The requirements under this sub-criterion were not provided in law. Under the new Section 10 (7)(8) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it requires intermediary and beneficiary FIs to have risk-based policies and procedures for determining: (b) the appropriate follow-up action. ***Hence c.16.12 (b) is re-rated Met.***

101. ***Based on the above, all the deficiencies under the criterion (a) and (b) have been*** addressed, ***hence, the overall c.16.12 is re-rated Met.***

102. ***Criterion 16.13 (Met)*** In the June 2022 MER this criterion was rated Not Met. The requirements under this criterion were not provided in law. Under the new Section 10 (7)(9) of the AML/CFT/PF Miscellaneous Amendments Act,2024, it provides for undertaking reasonable measures by FIs to identify cross-border wire transfers that lack required originator information or required beneficiary information. ***Hence c.16.13 is re-rated Met.***

103. ***Criterion 16.14 (Partly Met)*** In the June 2022 MER this criterion was rated Not Met. The requirements under this criterion were not provided in law. The *de minimis* threshold is not applicable in Eswatini. Under the new Section 10 (7)(9) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it covers for identification of cross border wire transfers that lack required originator information or required beneficiary information. However, the provision is silent for "maintaining" this information in accordance with Recommendation 11. ***Hence c.16.14 is re-rated Partly Met.***

104. ***Criterion 16.15 (Met)*** In the June 2022 MER this criterion was rated Not Met. The requirements under this criterion were not provided in law.

a) *(Met)* In the June 2022 MER this sub-criterion was rated Not Met. The requirements under this sub-criterion were not provided in law. Under the new Section 10 (7)(10) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it requires beneficiary FIs to have risk-based policies and procedures for determining: (a) when to execute, reject, or suspend a wire transfer lacking required originator or required beneficiary information. ***Hence c.16.15 (a) is re-rated Met.***

b) ***(Met)*** In the June 2022 MER this sub-criterion was rated Not MetThe requirements under this sub-criterion were not provided in law. Under the new Section 10 (7)(10) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it requires beneficiary FIs to have risk-based policies and procedures for determining: (b) the appropriate follow-up action. ***Hence c.16.15 (b) is re-rated Met.***

105. Based on the above, all the deficiencies under the criterion *(a)* and *(b)* have been addressed, ***hence, the overall c.16.15 is re-rated Met.***

106. ***Criterion 16.16 (Partly Met)*** In the June 2022 MER this criterion was rated Not Met. Money transmission service providers were required to include accurate originator information and other related messages on electronic funds transfers and such information shall remain with the transfer. However, relevant deficiencies identified under 16.1-16.15 also applied to MVTS providers. The new provisions under Section 10 of the AML/CFT/PF Miscellaneous Amendments Act, 2024, also apply to MVTS providers, however, there are still deficiencies under c.16.1, c16.4, and c.16.8 that have not been addressed. ***Hence c.16.16 is re-rated Partly Met.***

107. ***Criterion 16.17 (Partly Met)*** In the June 2022 MER this criterion was rated Not Met. The requirements under this criterion were not provided in law.

a) *(Met)* In the June 2022 MER this sub-criterion was rated Not Met. The requirements under this sub-criterion were not provided in law. Under the new Section 10 (7)(11) of the AML/CFT/PF Miscellaneous Amendments Act,2024, it obligates MVTS providers that control both sides of the wire transfer to undertake requirements under c.16.17 (a). ***Hence c.16.17(a) is re-rated Met.***

b) ***(Not Met)***- In the June 2022 MER this sub-criterion was rated Not Met. The requirements under this sub-criterion were not provided in law. Under the new Section 10 (7)(11) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it obligates MVTS providers that control both sides of the wire transfer to file a suspicious transaction report to the Eswatini Financial Intelligence Centre (EFIC). This is, however, not consistent with the requirements of this criterion, wherein the MVTS provider is required to file the STR in any country affected by the suspicious wire transfer. ***Hence c.16.17(b) remains Not Met.***

108. Considering the above analysis, there are minor deficiencies under sub-criterion *(b)* that remain to be addressed, ***hence, the overall c.16.17 is re-rated Partly Met.***

109. ***Criterion 16.18 (Met)-*** In the June 2022 MER this criterion was rated Not Met. The requirements under this criterion were not provided in law. Under the new Section 10 (7)(17) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it obligates Accountable Institutions (which also include MVTS providers as designated entities) to undertake TFS requirements under c.16.18. ***Hence c.16.18 is re-rated Met.***

Overall Conclusion and Weighting

110. The requirements under Rec.16 have been mostly addressed by provisions under Section 10 of the AML/CFT/PF Miscellaneous Amendments Act,2024 for undertaking wire transfers. However, there are remaining deficiencies under c.16.1, c.16.4, c16.8, c.16.14, c.16.16, and c.16.17. **Based on the above, the reviewers recommend the re-rating of Rec.16 from Non-Compliant to Partially Compliant.**

Recommendation 17 – Reliance on third parties

(Originally rated PC–Proposed rating- C)

	Year	Rating
MER	**2022**	**PC**
FUR 1	**2023**	NC (not re-assessed)
FUR 2	**2024**	NC (not re-assessed)
FUR 3	**2025**	**↑C**

111. ***Criterion 17.1 (Met)*** In the June 2022 MER, all the requirements under this criterion were rated met, for sub-criterions (a)-(c), and there has not been a change in law affecting this criterion since the MER ***Hence, it remains Met.***

112. ***Criterion 17.2 (Met)*** In the June 2022 MER this criterion was rated Not Met. There was no legal provision requiring financial institutions which rely on a third party to have regard to information available on the level of country risk. Under the new Section 7(g) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it requires FIs which rely on a third party to have regard to information available on the level of country risk. ***Hence c.17.2 is re-rated Met.***

113. ***Criterion 17.3 (Met)*** In the June 2022 MER this criterion was rated Not Met. There were no legal provisions requiring financial institutions relying on a third party which is part of the same financial group to consider that the requirements of the criteria 17.1 and 17.2 are met in the circumstances stated under (a) to (c) of the criterion.

a) ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met. The was no legal provision to require financial institutions that rely on a third party that is part of the same financial group to apply CDD and record-keeping requirements, in line with Rec. 10 to 12, and programmes against ML/TF, in accordance with Recommendation 18. Under the new Section 6(b) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for requirements under c.17.3(a). ***Hence c.17.3(a) is re-rated Met.***

b) ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met. The was no legal provision to require financial institutions that rely on a third party that is part of the same financial group to ensure implementation of those CDD and record-keeping requirements and AML/CFT programmes is supervised at a group level by a competent authority. Under the new Section 6(b) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for requirements under c.17.3 (b). ***Hence c.17.3(b) is re-rated Met.***

c) ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met. The was no legal provision to require financial institutions that rely on a third party that is part of the same financial group to ensure that any higher country risk is adequately mitigated by the group's AML/CFT policies. Under the new Section 6(b) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for requirements under c.17.3 (c). ***Hence c.17.3(c) is re-rated Met.***

114. ***Based on the above, all the deficiencies under the sub-criterions (a)-(c) have been*** addressed, ***hence, the overall c.17.3 is re-rated Met.***

Overall Conclusion and Weighting

115. All the outstanding deficiencies under Rec.17 have been addressed through the amendments of the requirements set out in sections 7, 8 and 9 of the AML/CFT/PF Miscellaneous Amendments Act, 2024. **Based on the above, the reviewers recommend the re-rating of Rec.17 from Partially Compliant to Compliant.**

Recommendation 18 – Internal controls and foreign branches and subsidiaries
(Originally rated PC–Proposed rating- C)

	Year	Rating
MER	**2022**	**PC**
FUR 1	**2023**	NC (not re-assessed)
FUR 2	**2024**	NC (not re-assessed)
FUR 3	**2025**	↑**C**

116. ***Criterion 18.1 (Met)*** S.18 of the MLFTP Act 2011 required financial institutions to establish and implement AML/CFT programmes with regard to ML/TF risks and size of the businesses and programmes by meeting the requirements of *(a)-(d)* of this criterion. ***Hence, c.18.1 remains Met.***

117. ***Criterion 18.2 (Met)*** In the June 2022 MER this criterion was rated Not Met. There were no requirements in place for financial groups to implement group-wide programmes against ML/TF, which should be applicable, and appropriate to, all branches and majority-owned subsidiaries of the financial group. These should include the measures set out in criterion 18.1. The requirements under this criterion were not provided in law, and all the measures specified in c.18.2 *(a)-(c)* were not provided for.

a) ***(Met)*** Under the new Section 17(2 bis) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for; (a)policies and procedures for sharing information required for the purposes of CDD and ML/TF risk management; and ***consequently***, ***c.18.2(a) is re-rated Met.***
b) ***(Met)*** Under the new Section 17(2 bis) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides requirements under c.18.2 (b), and ***consequently***, ***c.18.2(b) is re-rated Met.***
c) ***(Met)*** Under the new Section 17(2 bis) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it requires financial groups to have adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off, ***consequently***, ***c.18.2(b) is re-rated Met.***

118. ***Based on the above, all the deficiencies under the criterion (a)-(c) have been*** addressed, ***hence, the overall c.18.2 is re-rated Met.***

119. ***Criterion 18.3 (Met)*** In the June 2022 MER this criterion was rated Not Met. There was no legal provision requiring financial institutions to ensure that their foreign branches and majority-owned subsidiaries apply AML/CFT measures set out under this criterion. Under the new Section 17(2ter) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, it provides for the requirements under c.18.3, and it says, "*an Accountable institution shall ensure that their foreign branches and majority owned subsidiaries apply AML/CFT measures consistent with the laws and regulations of Eswatini, where the minimum AML/CFT requirements of the host country are less strict than those of Eswatini, to the extent permitted under the host country laws and regulations of the host country does not permit the proper implementation of AML/CFT measures consistent with Eswatini requirements, groups shall apply appropriate additional measures to manage money laundering and terrorist financing risks and inform their supervisors in Eswatini*". ***Hence c.18.3 is re-rated Met.***

Overall Conclusion and Weighting

120. FIs in Eswatini are required to establish and implement AML/CFT programmes, including requirements to implement group-wide AML/CFT programmes and ensure that FIs with foreign branches and majority-owned subsidiaries apply AML/CFT measures. The requirements have been addressed through Section 17 (2bis and 2ter) of the AML/CFT/PF Miscellaneous Amendments Act, 2024. **Based on the above, the reviewers recommend the re-rating of Rec.18 from Partially Compliant to Compliant.**

Recommendation 19 – Higher risk countries

(Originally rated NC–Proposed rating- C)

	Year	Rating
MER	**2022**	**NC**

FUR 1	**2023**	NC (not re-assessed)
FUR 2	**2024**	NC (not re-assessed)
FUR 3	**2025**	↑**C**

121. ***Criterion 19.1 (Met)*** In the June 2022 MER this criterion was rated Partly Met. Para 7.11 of the FSRA AML/CFT Guideline required FIs to apply EDD to all higher-risk business relationships, customers (natural and legal person) and transactions from or in a country in relation to which FATF has called for countermeasures. However, the Guideline only applied to FIs under the purview of the FSRA. Through the new Section 9 (6octies) (1) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, Supervisory Authorities including the Eswatini Financial Intelligence Centre may issue a directive or circulars to Accountable Institutions, which will enable Eswatini to apply counter-measures proportionate to the risks, business relationships and transactions with natural and legal persons, including financial institutions from countries for which this is called for by the Financial Action Task Force. ***Hence c.19.1 is re-rated Met.***

122. ***Criterion 19.2 (Met)*** In the June 2022 MER this criterion was rated Not Met. Eswatini had not demonstrated that counter-measures proportionate to the risk can be applied, (a) when called to do so by the FATF, and (b) independently of any call by the FATF to do so. Through the new Section 9 (6octies) (1) of the AML/CFT/PF Miscellaneous Amendments Act,2024, Supervisory Authorities including the Eswatini Financial Intelligence Centre (EFIC) may issue a directive or circulars to Accountable Institutions, which will enable Eswatini to apply counter-measures proportionate to the risks, towards accounts, business relationships and transactions with natural and legal persons, including financial institutions; (a) on their own initiative, or (b) pursuant to a call to do so by the Financial Action Task Force. ***Hence the c.19.2 (a) and c.19.2(b) are re-rated Met.***

123. Based on the above, all the deficiencies under the sub-criterions *(a)* and *(b)* have been addressed, ***hence, the overall c.19.2 is re-rated Met.***

124. ***Criterion 19.3 (Met)*** In the June 2022 MER this criterion was rated Not Met. Eswatini did not have mechanisms in place to advise financial institutions of concerns about weaknesses in the AML/CFT systems of other jurisdictions. Through the new Section 9 (6octies) (3) of the AML/CFT/PF Miscellaneous Amendments Act,2024, it enables Supervisory Authorities and the EFIC in Eswatini to ensure that accountable institutions are advised of concerns about weaknesses in the AML/CFT systems of other countries, as advised through a directive or circular issued from time to time. ***Hence c.19.3 is re-rated Met.***

Overall Conclusion and Weighting

125. Eswatini has made amendments in the legal framework to cover for provisions requiring FIs to apply EDD measures proportionate to the risks, to business relationships and transactions with natural and legal persons from countries for which this is called for by the FATF. Further, Eswatini has legal provisions that require for counter-measures proportionate to the risk can be applied, (a) when called to do so by the FATF, and (b) independently of any call by the

FATF to do so. There are also mechanisms in place to ensure that FIs are advised of concerns about weaknesses in the AML/CFT systems of other jurisdictions. **Based on the above, the reviewers recommend the re-rating of Rec.19 from Non-Compliant to Compliant.**

Recommendation 22 – Designated Non-Financial Businesses and Professions (DNFBPs) Customer Due Diligence

(Originally rated PC–Proposed rating- LC)

	Year	Rating
MER	**2022**	**PC**
FUR 1	**2023**	NC (not re-assessed)
FUR 2	**2024**	NC (not re-assessed)
FUR 3	**2025**	**↑LC**

126. ***Criterion 22.1 (Partly Met*)**- In the June 2022 MER, the general CDD measures set out under Section 6 of the MLFTP Act, 2011 equally apply to all transactions regardless of value. The shortcomings/deficiencies identified under R.10 therefore equally apply to DNFBPs.

a) ***(Met)-*** In the June 2022 MER this sub- criterion was rated Not Met. The requirements under Section 6 of the of the MLTFP Act,2011, and the amendment provisions for Section 6 of the principal Act contained in the AML/CFT/PF Miscellaneous Amendment Act,2024, obligates casinos and gaming houses to comply with the CDD requirements set out in Recommendation 10. The requirements are also set out under Section 3, paragraph 3.2.1 of the EFIU Casinos and Gaming Houses AML/CFT Guideline of March 2024.***Hence c.22.1(a) is re-rated Met.***

b) ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met. The requirements under Section 6 of the of the MLTFP Act,2011, and the amendment provisions for Section 6 of the principal Act contained in the AML/CFT/PF Miscellaneous Amendment Act,2024, obligates real estate agents to comply with the CDD requirements set out in Recommendation 10. The requirements are also set out under Section 3, paragraph 3.2.1 of the EFIU Real Estate agents AML/CFT Guideline of March 2024. ***Hence c.22.1(b) is re-rated Met.***

c) ***(Met)*** In the June 2022 MER this sub-criterion was rated Not Met. The requirements under Section 6 of the of the MLTFP Act,2011, and the amendment provisions for Section 6 of the principal Act contained in the AML/CFT/PF Miscellaneous Amendment Act,2024, obligates dealers in precious metals and precious stones to comply with the CDD requirements set out in Recommendation 10. The requirements are also set out under Section 3, paragraph 3.2.1 of the EFIU precious metals and stones AML/CFT Guideline of March 2024. ***Hence c.22.1(c) is re-rated Met.***

d) ***(Met)***- In the June 2022 MER this sub-criterion was rated Not Met. The requirements under Section 6 of the of the MLTFP Act,2011, and the amendment provisions for Section 6 of the principal Act contained in the AML/CFT/PF Miscellaneous Amendment Act,2024, obligates lawyers, notaries, other independent legal professionals and accountants to comply with the CDD requirements set out in Recommendation 10). The requirements are also set out under Section 3, paragraph 3.2.1 of the EFIU Legal Professionals and the Accountants AML/CFT Guidelines of March 2024. ***Hence c.22.1(d) is re-rated Met.***

e) ***(Met)*** In the June 2022 MER this criterion was rated Not Met. Trust and Company Service Providers (TCSPs), when they prepare for or carry out transactions for a client concerning the specified activities in this sub-criterion, should be required to comply with the CDD requirements set out in Recommendation 10. In Eswatini, transactions for a client are conducted by legal professionals and accountants. The requirements under Section 6 of the of the MLTFP Act,2011, and the amendment provisions for Section 6 of the principal Act contained in the AML/CFT/PF Miscellaneous Amendment Act,2024, obligates TCSPs to comply with the CDD requirements set out in Recommendation 10). The requirements are also set out under Section 3, paragraph 3.2.1 of the EFIU Legal Professionals and the Accountants AML/CFT Guidelines of March 2024. ***Hence c.22.1(e) is re-rated Met.***

127. For all the requirements under c.22.1, DNFBPs are required to comply with the CDD requirements set out in Recommendation 10, however, there are remaining deficiencies under c.10.14(b)(c), and c.10.16, which apply to DNFBPs, ***consequently c.22.1 remains Partly Met.***

128. ***Criterion 22.2 (Met)*** In the June 2022 MER this criterion was rated Mostly Met. Section8(1), (2) and (3) of the MLFTP Act, 2011 provides for record keeping obligations which equally apply to DNFBPs, however there were shortcomings with complying with Rec.11 requirements relating to the obligation to keep records of account files and results of any analysis undertaken, which was the main deficiency identified under Rec.11 requirements.

129. Under the new Section 11(e) of the AML/CFT/PF Miscellaneous amendment Act, 2024, requires Accountable Institutions (including DNFBPs) to keep all records obtained through CDD measures, account files and business correspondence, and results of any analysis undertaken. ***Hence c.22.2 is re-rated*** *Met.*

130. ***Criterion 22.3 (Met)*** In the June 2022 MER this criterion was rated Partly Met. There were shortcomings under R.12 with the legal provisions outlined under S.6 of the MLFTP Act, 2011, in respect of PEPs obligations which also apply to DNFBPs. Under Section 7 (c) and (d) of the AML/CFT/PF Miscellaneous Amendment Act,2024, it covers for all accountable institutions to comply with the PEPs requirements. All the deficiencies that were identified under Rec.12 have been addressed. ***Hence c.22.3 is re-rated Met.***

131. ***Criterion 22.4 (Partly Met)*** In the June 2022 MER this criterion was rated Not Met. Eswatini had not identified and assessed ML/TF risk on new technologies and products being used by DNFBPs, and there was no specific legal provision requiring accountable institutions to undertake ML/TF risk assessments prior to launch or use of such products, practices technologies and to take appropriate measures to manage and mitigate the risks.

132. Under the new Section 6 (1) of the AML/CFT/PF Miscellaneous Amendment Act,2024, it provides for DNFBPs as Accountable Institutions to identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. However, the country and DNFBPs have not demonstrated

that they identify and assess the ML/TF risks associated with the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and pre-existing products. ***Hence c.22.4 is re-rated Partly Met.***

133. ***Criterion 22.5 (Met)*** In the June 2022 MER this criterion was rated Partly Met. There were shortcomings under R.17 (reliance on third-parties) which also apply to DNFBPs. Under the new Section 6 of the AML/CFT/PF Miscellaneous amendment Act, 2024, it provides for obligations to comply with requirements on reliance of a third-party for accountable institutions, and all the shortcomings under Rec.17 are all addressed. ***Hence c.22.5 is re-rated Met.***

Overall Conclusion and Weighting

134. Eswatini has addressed the deficiencies identified in respect of CDD measures, PEPs, and reliance on third parties. There are still outstanding shortcomings relating to ML/TF risks assessment and mitigating controls against new technologies which also apply to DNFBPs. **Based on the above, the reviewers recommend the re-rating of Recommendation 22 from Partially Compliant to Largely Compliant.**

Recommendation 23 – DNFBPs: Other measures

(Originally rated PC–Proposed rating- LC)

	Year	Rating
MER	**2022**	**PC**
FUR 1	**2023**	NC (not re-assessed)
FUR 2	**2024**	NC (not re-assessed)
FUR 3	**2025**	**↑LC**

135. ***Criterion 23.1 (Met)*** In the June 2022 MER, S.12 of the MLFTP Act 2011 provides for filing of STR obligations which equally apply to DNFBPs (See R.20). There were no changes in law affecting this criterion since the last MER, and **consequently**, ***c23.1 remains Met.***

136. ***Criterion 23.2 (Met)*** In the June 2022 MER this criterion was rated Partly Met DNFBPs should be required to comply with the internal controls' requirements set out in Rec.18. In the June 2022 MER, there were no requirements to implement group-wide AML/CFT programmes, and ensuring that FIs with foreign branches and majority-owned subsidiaries applied AML/CFT measures. The requirements under Rec.18 have been addressed through Section 17 (*2bis and 2ter)* of the AML/CFT/PF Miscellaneous Amendments Act, 2024. These are also covered under the new provision S.8 (6septies) in the AML/CFT/PF Miscellaneous Amendments Act, 2024 for implementation of group-wide AML/CFT Programs. ***Hence c.23.2 is re-rated Met.***

137. ***Criterion 23.3 (Met)*** In the June 2022 MER this criterion was rated Not Met. There were shortcomings relating to R.19 requirements on the full analysis of S.18(1) and (5) of the MLFTP Act,2011, in respect of obligations relating to identified high risk jurisdictions which equally

apply to DNFBPs. The new provision under Section 9 (6octies) of the AML/CFT/PF Miscellaneous Amendments Act, 2024, covers for "higher risk countries" requirements by accountable institutions. ***Hence c.23.3 is re-rated Met.***

138. ***Criterion 23.4 (Mostly Met)*** In the June 2022 MER this criterion was rated Mostly Met. There were minor shortcomings relating to R.21 requirements on the full analysis of S.16(1) and S.14 of the MLFTP Act,2011, relating to requirements on tipping-off prohibition and confidentiality obligations which equally apply to DNFBPs. ***Hence c.23.4 remain Mostly Met.***

Overall Conclusion and Weighting

139. Eswatini has addressed the deficiencies relating to Criterion 23.2 and 23.3. Criterion 23.4 was rated Mostly Met in the MER and the position remain as in the MER. **In view of the remaining deficiencies the Reviewers recommend that Recommendation 23 should be upgraded from Partially Compliant to Largely Compliant.**

Recommendation 26 –Regulation and Supervision of Financial Institutions

(Originally rated PC– Re-rated to LC)

	Year	Rating
MER	**2022**	**PC**
FUR 1	**2023**	PC (not re-assessed)
FUR 2	**2024**	PC (not re-assessed)
FUR 3	**2025**	**↑LC**

140. ***Criterion 26.1-(Met)*** **T**here has not been any changes to the law designating CBE and FSRA as supervisory and regulatory authorities of FIs in Eswatini since the last MER. ***Hence c.26.1 remains Met.***

141. ***Criterion 26.2 (Met)*** In the June 2022 MER this criterion was rated Partly Met**.** The MER 2022 had established that there were no legal provisions covering the licensing and/or registration of money or value transfer services (MVTS) other than mobile money service providers. The Exchange Control order,1974 and the Exchange Control Regulations,1975 were limited in scope with regard to the licensing and registration of MVTS providers. The Short Title to the Exchange Control Order,1974 limited the scope of the Act to purchase, sale and loan of foreign currency, gold and securities. This did not seem to include MVTS. Further, there was no legal provision under the Laws of Eswatini prohibiting the country from approving the establishment or continued operation of shell banks.

142. Subsequent to the MER, Eswatini introduced section 35 (12) of the AML/CFT/PF Miscellaneous amendments Act,2024 which prohibits licensing of banks if they are incorporated as shell companies. Further, Eswatini licenses MVTS as a prerequisite to provide this service in the country [Section 10(1) of the National Payments System Act, 2023]. On the other hand, there

laws relevant to licensing core principles FIs and foreign exchange bureau remain the same since the last MER. ***Hence c.26.2 is re-rated Met***

143. ***Criterion 26.3 (Mostly Met)*** There have not been any changes to the laws or measures affecting this criterion since the last 2022 MER. ***Hence c.26.3 remains Mostly Met.***

144. ***Criterion 26.4 (a) (Met)*** The MER had established that there was no evidence that the FIs are subjected to consolidated group supervision for AML/CFT/PF purposes. Hence this sub-criterion was rated Partly Met.

145. Subsequent to the MER, Eswatini introduced a new provision that subjects FIs to consolidated group supervision for AML/CFT purposes. [section 35(2) of the MLFTP Act]. The countries have also entered into MOUs with the CBE and FSRA counter-parts that enable them to conduct group-based supervision for AML/CFT purposes. ***Hence c.26.4(a) is re-rated Met***

146. ***Criterion 26.4 (b) (Met)*** The MER had established that all other FIs under the supervision of CBE and FSRA were under the same regime as core principles institutions. However, there was no supervision or monitoring of FIs having regard to the ML/TF risks in the sector**.** Hence c.26.4(b) was rated Partly Met. Subsequent to the MER 2022 Eswatini introduced new legal provision which seeks to subject all financial institutions to regulation and supervision (or monitoring) having regard to the ML/TF risks in that sector [section 35(1) MLFTP, 2011 as amended in 2024.]. ***Hence c.26.4(b) is re-rated Met.***

147. Based on the above analysis, the shortcomings are considered moderate as some sub-criteria are not met. ***Hence, the overall re-rating of c.26.4 is Met.***

148. ***Criterion 26.5 (Met)*** The MER had established that the frequency and intensity of on-site and off-site supervision was not determined on the basis required by the FATF Standards under c.26.5 *(a)* to *(c).* Hence c. 26.5 was rated **Not Met**.

149. Subsequent to the MER, Eswatini introduced new legal provisions to address the deficiency. Eswatini requires that the frequency and intensity of on-site and off-site AML/CFT/PF supervision of financial institutions or groups should be determined on the basis of, the money laundering and terrorist financing risks, policies, internal controls and procedures associated with the institution or group, as identified by the supervisor's assessment of the risk profile of the institution or group; the money laundering and terrorist financing risks present in the country; and the characteristics of the financial institutions or groups, in particular, the diversity, number, and degree of discretion, allowed to them under the risk-based approach[Section 35(3) of the MLFTP Act 2011 as amended]. Eswatini through CBE and FSRA have developed supervisory plans to implement the requirement of this provision and relevant inspections have commenced. ***Hence c.26.5 is re-rated Met.***

150. ***Criterion 26.6 (Met)*** The MER 2022 had established that only CBE had started conducting individual ML/TF risk assessment of FIs under its purview to determine their risk profiles. This included periodic reviews of the ML/TF risk profiles of FIs or groups and when there were major events or developments in the management and operations of the FI. The other supervisory authorities had not started doing so. Hence c.26.6 was rated Partly Met.

151. Subsequent to the MER Eswatini conducted NRA whose reports were approved in 2023. The country further revised the MLFTP Act 2011 and related pieces of legislation in 2024. In

particular, to address c.26.6 Eswatini introduced section 35(4) of the MLFTP, 2011 as amended in 2024 to make this a legal requirement across all supervisors. The cited section provides that A supervisor shall review the assessment of the money laundering terrorist financing risk profile of a financial institution or group, including the risks of non-compliance, periodically, and when there are major events or developments in the management and operations of the financial institution or group. Both the CBE and FSRA have conducted risk assessment for institutions under their purview and profiled them accordingly. The sectoral risk assessments report both appear to have been issued in 2024 and therefore it may still be early to have reviewed the risk profiles of the FIs under their purview. ***Hence, c.26.6 is re-rated Met*.**

Overall Conclusion and Weighting

152. Since its last MER Eswatini had addressed most of the outstanding deficiencies in R.26, mostly, through, the enactment of the AML/CFT/PF Miscellaneous amendments Act, 2024 which among others, seeks to ensure that AML/CFT requirements are implemented on risk-based approach. The NRA Report 2023 has highlighted vulnerabilities in the FIs sector that may be exploited by criminals and Eswatini came up with the strategy and implementation plan to address these threats and vulnerabilities. Eswatini has already, through CBE and FSRA conducted sectoral risk assessment to risk profile entities under their purview and the country is yet to review the said risk assessments. 2023 and the measures taken to address the identified threats and vulnerabilities. However, Eswatini has not indicated how it has addressed the minor deficiency in c.26.3. **Eswatini is re-rated Largely Compliant with Recommendation 26.**

Recommendation 32 – Cash Couriers

(Originally rated PC–remains LC)

	Year	Rating
MER	**2022**	PC
FUR 1	**2023**	PC (not re-assessed)
FUR 2	**2024**	PC (not re-assessed)
FUR 3	**2025**	**↑LC**

153. ***Criterion 32.1 (Mostly Met)*** The identified deficiency in relation to declare currency or BNIs transported through mail and cargo into or out of Eswatini has not been addressed. since the last MER to warrant reassessment of this criterion. *Hence c32.1 remains Mostly Met.*

154. ***Criterion 32.2 (Met)*** There have been no amendments in law since the last MER to warrant reassessment of this criterion. *Hence c32.2 remains Met.*

155. ***Criterion 32.3(N/A)***. This criterion is not applicable because Eswatini uses a declaration system**.** *Hence c32.3 remains N/A.*

156. ***Criterion 32.4 (Met)*** There have been no amendments in law since the last MER to warrant reassessment of this criterion. ***Hence c32.4 remains Met.***

157. ***Criterion 32.5 (Partly Met)*** The MER had established that Section 41 (2) of the MLFTP Act, 2011, stated that any person who made a false declaration or disclosure should commit an offence and should be liable on conviction to a fine not exceeding thirty thousand Emalangeni (E30, 000/USD2,040) or imprisonment not exceeding five years. However, the financial penalty might not be dissuasive in cases involving larger amounts**.** Hence c.32.5 was rated Partly Met. Eswatini has subsequent to MER introduced a new section 41(8) of the MLFTP 2011 to criminalises false declaration. There are no sanctions provided for false declaration in this Act as required by c.32.5. On the other hand, even though Eswatini indicates that section 84 of the Customs and Excise Act provides for the sanctions, Reviewers could not determine with certainty how the provisions of section 41(8) are incorporated in Section 84 of the Customs Act in the absence of cross-referencing it to that effect. ***Hence c.32.5 remains Partly Met***

158. ***Criterion 32.6 (Met)*** There have been no amendments in law to warrant reassessment of this criterion. ***Hence c.32.6 remain Met*****.**

159. ***Criterion 32.7 (Met)*** There have been no changes to the institutional framework or mechanisms since the last MER to warrant reassessment of this criterion. ***Hence c.32.7 remains Met.***

160. ***Criterion 32.8(a)-(Met)*** There have been no amendments in law to warrant reassessment of this sub-criterion. ***Hence c.32.8(a) remains Met.***

161. ***Criterion 32.8(b)-(Met)*** In the June 2022 MER this criterion was rated Partly Met. The MER had established that the provisions under Section 41 of the MLFTP Act, 2011 which dealt with cross-border transportation of currency and BNIs did not provide for false declarations, more specifically. Section 41(5).

162. Subsequent to the MER 2022 Eswatini introduced a new Section 41(8) of the MLFTP Act 2011 to address the deficiency. It is noted that competent authorities are able to restrain currency or BNIs for a reasonable time in order to ascertain whether evidence of ML/TF may be found in cases where a person has made a false declaration at a port of entry or departure. ***Hence 32,8(b) is re-rated Met.* The overall re-rating for c.32.8 is Met.**

163. ***Criterion 32.9 (Met)*** There have been no amendments in law or changes in operational mechanism since the last MER to warrant reassessment of this criterion. ***Hence c.32.9 remains Met.***

164. ***Criterion 32.10 (Met)*** There have been no amendments in law since the last MER to warrant reassessment of this criterion. ***Hence c.32.10 remains Met.***

165. ***Criterion 32.11(a) -(Met)*** In the June 2022 MER this criterion was rated Partly Met. The MER 2022 has established that S. 41 (2) of the MLFTP Act, 2011 did not provide for proportionate and dissuasive sanctions for persons carrying out physical cross boarder transportation of currency or BNIs that are related to ML/TF or predicate offences, and c.32.11(a) was rated partly met.

166. Subsequent to the MER Eswatini amended the MLFTP Act 2011. The new amendment is to the effect that a person who fails to declare cash or BNI in excess of E25000 should be liable on conviction to imprisonment of not less than 5 years or a fine which is equivalent to triple the value of the concealed amount, whichever is greater. These sanctions are considered proportionate and dissuasive. *Hence c.32.11(a) is re-rated Met.*

167. ***Criterion 32.11(b) (Met)*** There have been no amendments in law to warrant reassessment of this criterion. *Hence c.32.11(b) remains Met.*

168. Based on the above analysis, there are no shortcomings on c.32.11. *Hence, the overall re-rating for c.32.11 is Met.*

Overall Conclusion and Weighting

169. While section 41(8) of the MLFTP Act criminalises false declaration, the identified deficiency in relation to declare currency or BNIs transported through mail and cargo into or out of Eswatini has not been addressed. Further, there are no sanctions provided for false declaration. Nonetheless a person that fails to declare an amount more than E25, 000.00 at the port of entry and exit is liable upon convictions to a term of 5 years imprisonment or a fine which is equivalent to triple the value of the concealed amount, whichever is greater. The sanctions are proportionate and dissuasive. Thus, the remaining shortcomings are minor for Recommendation 32**. Eswatini is re-rated Largely Compliant with Recommendation 32.**

Recommendation 34 – Guidance and Feedback
(Originally rated PC–Proposed rating- C)

	Year	Rating
MER	**2022**	**PC**
FUR 1	**2023**	PC (not re-assessed)
FUR 2	**2024**	PC (not re-assessed)
FUR 3	**2025**	**↑C**

170. ***Criterion 34.1 (Met)*** The MER had established among others that, save the SRA (Eswatini Revenue Authority) none of the other non-FI competent authorities, SRBs and the DNFBP supervisors had established guidelines to assist the accountable institutions. In addition, all the competent authorities and supervisors had not provided feedback to accountable institutions to assist them in the application of the national AML/CFT measures. The EFIU had also not provided feedback on detecting and reporting of suspicious transactions. Hence c.34.1 was rated Partly Met. Subsequent to the MER 2022 it is noted that the CBE, the EFIC and the FSRA have issued guidelines which are intended to assist financial institutions and DNFBPs in applying national AML/CFT/PF measures, and in particular, in detecting and reporting suspicious transactions, the guidelines incorporate examples of suspicion indicators.

Authorities mentioned above provide feedback through quarterly meetings and sensitization workshops. ***Hence 34.1 is re-rated Met.***

Overall Conclusion and Weighting

171. CBE, EFIC and FSRA have issued guidelines and provided feedback, to assist financial institutions and DNFBPs in applying national AML/CFT measures, and in particular, in detecting and reporting suspicious transactions. **Eswatini is re-rated Compliant with Recommendation 34.**

Recommendation 40 – Other forms of International Cooperation
(Originally rated PC–Proposed rating- LC)

	Year	Rating
MER	**2022**	**PC**
FUR 1	**2023**	PC (not re-assessed)
FUR 2	**2024**	PC (not re-assessed)
FUR 3	**2025**	**↑LC**

172. ***Criterion 40.1 (Met)*** There are not changes in law or to warrant review of this criterion since the MER. ***Hence c.40.1 remains Met.***

173. ***Criterion 40.2 (Partly Met).*** In the June 2022 MER this criterion was rated Partly Met. The deficiencies were in all sub-criteria 40.2 (a-e).

174. ***Criterion 40.2 (a) (Met)*** The MER 2022 had established it was only the CBE that did not have legal basis to cooperate under this sub-criterion. It is noted that Eswatini has since amended the MLFTP to provide for competent authorities to have a lawful basis to provide cooperation [section 91*bis* of the MLFTP Act 2011 as amended]. ***Hence c.40.2(a) is re-rated as Met.***

175. ***Criterion 40.2 (b) (Met)*** There are not changes in law or to warrant review of this criterion since the MER. ***Hence c.40.2(b) remains Met***

176. ***Criterion 40.2 (c)-(d) (Partly Met)*** In the June 2022 MER these sub-criteria were rated Partly Met. The identified deficiency was that it is not clear to what extent the authorities ensured that mechanisms or channels that facilitate and allow for the transmission and execution of requests are clear and secure (c.40.2 (c)). It was also found that competent authorities do not have processes for prioritizing and executing requests. There are no internal guidelines, procedures or instructions in relation to the handling and prioritisation of requests (c.40.2 (d)). ***Hence, c.40.2(c)-(d) remain Partly Met.***

177. ***Criterion 40.2(e) (Partly Met)-*** In the June 2022 MER this criterion was rated Partly Met. The MER had established that the legal documents (mainly MoUs) have provisions on safeguarding the confidentiality of information received by the competent authorities.

However, not all competent authorities had signed MoUs with foreign counterparts. It is noted that the current FUR does not indicate that competent authorities have clear processes for safeguarding the information received. ***Hence c.40.2(e) is remains Partly Met.***

178. Based on the above analysis, the shortcomings are considered moderate given that sub-criteria (b) - (e) are not met. ***Hence, the overall rating for c.40.2 remains Partly Met.***

179. ***Criterion 40.3 (Partly Met)***-The MER had established that all competent authorities had not demonstrated the ability to negotiate and sign agreements with the widest range of foreign counterparts. Hence c.40.3 was rated Partly Met as the EFIU had the legal basis to do so. No further action has been indicated how the deficiency has been addressed. ***Hence c.40.3 remains Partly Met.***

180. ***Criterion 40.4 (Met)*** The MER had established that the competent authorities did not indicate if upon request they could provide feedback to competent authorities from which it has received assistance, on the use and usefulness of the information obtained. Hence 40.4 was rated Not Met. Subsequent to the MER it is noted that competent authorities may, upon request and whenever possible provide feedback to foreign counterparts on the use of information received as well as on the outcome of the analysis conducted, based on the information received. [section 31(v) of the MLFTP Act 2011].. ***Hence c.40.4 is re-rated Met.***

181. ***Criterion 40.5 (Met)*** There have not been any changes whether in law or other measures to warrant reassessment of c.40.5. ***Hence c.40.5 remains Met.***

182. ***Criterion 40.6 (Mostly Met)*** There have not been any changes whether in law or other measures to warrant reassessment of c.40.5. ***Hence c.40.6 remains Mostly Met.***

183. ***Criterion 40.7 (Met)***-The MER had established that there were no specific provisions on refusal by competent authorities to provide information if the requesting competent authority cannot protect the information effectively. Hence c.40.7 was rated Partly Met. Subsequent to the MER Eswatini amended the law to the effect that a competent authority should refuse to provide information where the requesting competent authority cannot protect the information effectively. ***Hence 40.7 is re-rated Met.***

184. ***Criterion 40.8 (Met)*** The MER 2022 had established that there were no provisions enabling competent authorities in Eswatini to conduct inquiries on behalf of their foreign counterparts and exchange with their foreign counterparts all the information that would be obtainable by them if such inquiries were being carried out domestically. Hence c.40.8 was rated Not Met. Subsequent to the MER it is noted that competent authorities are able to conduct inquiries on behalf of foreign counterparts, and exchange with their foreign counterparts all information that would be obtainable by them if such inquiries were being carried out domestically through amendments made to the MLFTP Act 2011. [section 91*bis* of the MLFTP 2011 as amended]. ***Hence c.40.8 is re-rated Met.***

185. ***Criterion 40.9 (Met)*** The MER had established that the MLFTP Act 2011 did not explicitly authorise the EFIU to exchange information relating to intelligence and predicate offences under s. 31(n) of the Act. Hence 40.9 was rated Partly Met. Subsequent to the MER the Act was amended to the effect that EFIC has the legal basis for providing co-operation on money

laundering, associated predicate offences and terrorist financing. [section 31(n) of MLFTP Act as amended]. ***Hence c.40.9 is re-rated Met.***

186. ***Criterion 40.10 (Met)*** The MER had established that there was no requirement for the EFIU to provide feedback to its counterparts on assistance received. Hence c.40.10 was rated Not Met. It is noted that the MLFTP Act 2011 has been amended to the EFIC is able to provide feedback to their foreign counterparts, upon request and whenever possible, on the use of the information provided, as well as on the outcome of the analysis conducted, based on the information provided [section 31(v)of MLFTP Act 20211]. ***Hence c.40.10 is re-rated Met.***

187. ***Criterion 40.11 (Met)*** The MER had established that under s. 31(n) of the MLFTP Act, 2011 the EFIU could disclose any report and any information derived from such report or any other information it received to foreign counterparts which had powers and duties similar to it only if it determined on the basis of its analysis and assessment that the report or information would be relevant to investigating or prosecuting a money laundering offence or a terrorist financing offence. The provision did not explicitly allow the sharing of intelligence or information relating to predicate offences. Hence 40.11 was rated Partly Met.

188. Subsequent to the MER the MLFTP Act was amended to the effect that the EFIU has the power to exchange all information required to be accessible or obtainable directly or indirectly by it, in particular, under Recommendation 29 with foreign FIUs. [section 31(n) of the MLFTP Act 2011]. ***Hence 40.11(a) is re-rated Met.*** Further, the EFIU has the power to exchange any other information which it has have the power to obtain or access, directly or indirectly, at the domestic level, subject to the principle of reciprocity [section 31(y) of the MLFTP Act 2011 as amended]. ***Hence 40.11(b) is re-rated Met. The overall re-rating for c.40.11 is Met.***

189. ***Criterion 40.12 (Mostly Met)*** The MER had established that S. 5 (i) of the FSRA Act, 2010 provided legal basis for the FSRA for sharing both public and non-public information with domestic and foreign counter parts subject to proper confidentiality standards. However, there were no provisions relating to exchange of information related to or relevant for AML/CFT/PF purposes. The FIA, had no provisions on cooperation with foreign counterparts on basic and AML/CFT/PF related information. Hence c.40.12 was rated Partly Met. Subsequent to the MER the MLFTP was amended to the effect that Financial Supervisors have a general legal basis for providing cooperation with their counter-parts relevant information for AML/CFT purpose. However, the Reviewers could not establish with certainty if this law is consistent with applicable international standards for supervision in this regard. [section 91*bis* of the MLFTP Act 2011]. ***Hence c.40.12 is re-rated Mostly Met.***

190. ***Criterion 40.13 (Partly Met)*** The MER had established that save for s. 5 (i) of FSRA Act there were no other laws enabling exchange of information by other financial supervisors such as CBE with their foreign counterparts. However, it is noted that the action taken to address the deficiency is not in line with the requirements of this criterion but criterion 40.14. ***Hence c.40.13 remains Partly Met.***

191. ***Criterion 40.14 (Met)*** The MER had established that Section 5 (i) of the FSRA Act, 2010 provided legal basis for the FSRA for sharing both public and non-public information with domestic and foreign counter parts subject to proper confidentiality standards. This should be taken to include; (i) regulatory information; (ii) prudential information; and (iii) AML/CFT

information. However, there were no provisions relating to exchange of similar information by CBE. Hence c.40.14 was rated Partly Met. Subsequent to the MER the MLFTP Act 2011 was amended such that financial all supervisors are able to share information in accordance with the requirements of c.40.14(a)-(c) [section 35(7) of the MLFTP Act 2011, as amended]. ***Hence c.40.14 is re-rated Met.***

192. ***Criterion 40.15 (Met)*** The MER had established that S. 5 (i) (ii) of the FSRA Act provided the legal basis for the FSRA to provide assistance to foreign counterparts who need to make inquiries in the discharge of their functions. The FIA however, had no similar provision in relation to CBE as a financial supervisor. It was also not clear whether financial supervisors in Eswatini could authorise or facilitate the ability of foreign counterparts to conduct inquiries themselves in Eswatini as the law or MoUs were silent on that aspect. Hence c.40.15 was rated Partly Met. Subsequent to the MER, the MLFTP Act was amended to the effect that all financial supervisors are able to conduct inquiries on behalf of foreign counterparts as appropriate, to authorise or facilitate the ability of foreign counterparts to conduct inquiries themselves in the country, in order to facilitate effective group supervision. [section 35(5) of the MLFTP Act]. ***Hence c40.15 is re-rated Met.***

193. ***Criterion 40.16 (Met)*** The MER had established that Section 5 (i) of the FSRA, 2010 provided for the Authority to share information within proper confidentiality safeguards and within the provisions of the MoUs. However, with respect to CBE, the FIA had no provision on co-operation with foreign counterparts on basic and AML/CFT/PF related information. Hence 40.16 was rated Partly Met. Subsequent to the MER the MLFTP Act 2011 was amended to the effect that financial supervisor shall ensure that they have the prior authorisation of the requested financial supervisor for any dissemination of information exchanged, or use of that information for supervisory and non-supervisory purposes, unless the requesting financial supervisor is under a legal obligation to disclose or report the information and in such case, the requesting financial supervisor shall promptly inform the requested authority of this obligation [Section 35(6) of the MLFTP Act 20211, as amended]. ***Hence c.40.16 is re-rated Met.***

194. ***Criterion 40.17 (Met)*** In the June 2022 MER this criterion was rated Partly Met. The MER had established that the Eswatini Royal Police Service's exchange domestically available information with foreign counterparts for intelligence or investigative purposes relating to ML, associated predicate offenses or terrorist financing cases through agreements with international and regional bodies such as Interpol, SADC, SARPCCO and ARINSA. However, the other LEAs such as Immigration, Customs, Anti-Corruption etc., did not have similar arrangements. Subsequent to the MER the MLFTP Act 2011 was amended such that all law enforcement agencies shall exchange domestically available information with foreign counterparts for intelligence or investigative purposes relating to money laundering, associated predicate offences or terrorist financing, including the identification and tracing of the proceeds and instrumentalities of crime [Section 18 *quat* of the MLFTP Act 2011, as amended]. ***Hence c.40.17 is re-rated Met.***

195. ***Criterion 40.18 (Met)*** There have not been any legal changes warrant new reassessment of c.40.18. ***Hence c.40.18 remains Met.***

196. ***Criterion 40.19 (Not Met)*** The MER had established that Eswatini had not demonstrated that it could form joint investigative teams and establish bilateral or multilateral agreements where

required and agencies had made use of joint investigative teams. Hence c.40.19 was rated not met. It is noted in the action taken column that, through SARPCCO Protocols, Eswatini, South Africa and Mozambique had been able to conduct joint investigations on theft of vehicles and statistics were shared. Further that the country has developed an Inter-agency framework to enable joint investigations. Attached is the restraint court order. However, Eswatini has not submitted any evidence to support this submission. ***Hence c.40.19 remains Not Met.***

197. ***Criterion 40.20 (Mostly Met)*** The MER had established that there were no provisions or mechanisms that allowed competent authorities in Eswatini to exchange information indirectly with foreign non-counterparts. Hence 40.20 was rated Not Met. Subsequent to the MER it is noted that Eswatini permits competent authorities to exchange information indirectly with non-counterparts ensuring that the competent authority that request the information indirectly makes it clear for what purpose and on whose behalf the request is made [section 91*bis* of the MLFTP Act 2011, as amended]. However, it could not be established with certainty whether the same principles and safeguards on the exchange of information would still be applied in c.40.20. ***Hence, c.40.20 is re-rated Mostly Met.***

Overall Conclusion and Weighting

198. Eswatini has addressed most of the outstanding deficiencies through the AML/CFT/PF Miscellaneous Act, 2024 to enable its competent authorities to exchange information with foreign counterparts for AML/CFT purpose. Minor deficiencies have been noted in particular where certain requirements are to-do initiatives other than to be in law. Majority of criteria rated Met or Mostly Met in the MER did not warrant to be reassessed at the laws or relevant measures remain unchanged. There are therefore minor shortcomings remaining in R.40. **Eswatini is re-rated Largely-Compliant with Recommendation 40.**

IV. CONCLUSION

199. Eswatini has made progress in addressing most of the technical compliance deficiencies identified in its MER 2022. Reviewers considered information provided in support of the request for re-rating for Recommendations 1, 2, 10, 12, 14, 16, 17, 18, 19, 22, 23, 26, 32, 34, and 40 which were previously rate NC/PC. Based on the progress made, some of these Recommendations have been upgraded to C or LC, while the rating for PC was retained for other Recommendations.

200. Considering the overall progress made by Eswatini 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, August 2025

R.1	R.2	R.3	R.4	R.5	R.6	R.7	R.8	R.9	R.10
LC	LC	LC	LC	PC	NC	NC	NC	LC	LC
R.11	**R.12**	**R.13**	**R.14**	**R.15**	**R.16**	**R.17**	**R.18**	**R.19**	**R.20**
LC	C	LC	LC	NC	PC	C	C	C	C
R.21	**R.22**	**R.23**	**R.24**	**R.25**	**R.26**	**R.27**	**R.28**	**R.29**	**R.30**
LC	LC	LC	NC	PC	LC	C	PC	LC	C
R.31	**R.32**	**R.33**	**R.34**	**R.35**	**R.36**	**R.37**	**R.38**	**R.39**	**R.40**
LC	LC	PC	C	LC	LC	PC	LC	PC	LC

201. Eswatini will remain in the enhance follow-up and will continue to inform the ESAAMLG of the progress made in improving and implementing its AML/CFT measures.