EASTERN AND SOUTHERN AFRICA ANTI-MONEY LAUNDERING GROUP

Anti-money laundering and counter-terrorist financing measures

Mauritius

1st Enhanced Follow-up Report & Technical Compliance Re-Rating

April 2019

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 18 countries and also includes a number of regional and international observers such as AUSTRAC, COMESA, Commonwealth Secretariat, East African Community, Egmont Group of Financial Intelligence Units, FATF, GIZ, IMF, SADC, United Kingdom, United Nations, UNODC, United States of America, World Bank and World Customs Organization.

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

For more information about the ESAAMLG, please visit the website: **www.esaamlg.org**
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This report was adopted by the ESAAMLG Task Force of Senior Officials at its meeting in Arusha, Tanzania in April 2019.

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Mauritius: 1st FOLLOW-UP REPORT & REQUEST FOR RE-RATING

I. INTRODUCTION

The Mutual Evaluation Report (MER) on Mauritius was adopted by the Task Force in April 2018 and subsequently approved by the Council of Ministers in July 2018. This follow-up report assesses the progress made by Mauritius to resolve the technical compliance shortcomings identified in its MER. New ratings are given when sufficient progress has been made. This report also assesses the progress made in implementing the new requirements of one of the FATF Recommendations that has been updated since adoption of the MER: Recommendation 18. 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 Mauritius in improving its effectiveness. Progress in this area will be assessed as part of a subsequent follow-up assessment. If sufficient progress has been made, the Immediate Outcome ratings may be reviewed.

2. KEY FINDINGS OF THE MUTUAL EVALUATION REPORT

The MER gave Mauritius the following technical compliance ratings:

Table 1. Technical compliance ratings, July 2018

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

Note: Four technical compliance ratings are available: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

Source: Mutual Evaluation Report (MER) on Mauritius, July 2018, https://www.esaamlg.org/reports/Second%20Round%20MER%20of%20Mauritius-July%202018.pdf

In the light of these results, Mauritius was placed in the enhanced follow-up process.[1] The assessment of Mauritius' request for technical compliance re-ratings and the preparation of this report were undertaken by the following experts:

No.	ESAAMLG Member	Representative	Expertise
1	Kenya	James Manyonge	Chair and Legal
2	Kenya	Kennedy Mwai	Legal
3	Mozambique	Paulo Munguambe	Financial Intelligence Unit
4	Tanzania	Thomas Matogolo Mongella	Financial Sector
5	Zambia	Andrew Nkunika	Legal
6	Zambia	Diana Sichone	Legal
7	Zambia	Chanda Lubasi Punabantu	Secretary and Financial Sector

Part 3 of this report summarises the progress made by Mauritius on technical compliance. Part 4 sets out conclusions and contains a table of Recommendations for which a new rating has been given.

3. OVERVIEW OF PROGRESS IN TECHNICAL COMPLIANCE

This section of the report summarises the progress made by Mauritius in improving technical compliance by resolving the shortcomings identified in its MER and implementing the new requirements associated with the changes made to FATF standards since adoption of the MER (R. 18).

3.1. Progress in resolving the technical compliance shortcomings identified in the MER

Mauritius has made progress in resolving the technical compliance shortcomings identified in the MER for the following Recommendations:

- R.10, R.13, R.15, R.16, R.17 and R.22, which had all received a NC rating;
- R.9, R.12, R.14, R.18 and R.32, which had all received a PC rating; and
- R.27, which had received an LC rating.

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

Given the progress made, Mauritius' rating has been revised for the following Recommendations: 9, 10, 12, 13, 14, 15, 16, 17, 18, 22, 27 and 32. The ESAAMLG warmly welcomes the progress made by Mauritius to improve its technical compliance with regard to R.32. However, it is not considered to have made sufficient progress to justify upgrading the rating for this Recommendation.

3.1.1. Recommendation 9- Financial institution secrecy laws (Originally rated PC- re-rated to C)

The main shortcomings identified in the MER were as follows: a) There are restrictions in relation to sharing of information between competent authorities; and b) Disclosure of information between FIs limited to information related to assessing credit-worthiness.

Section 26(4)(a) of the Bank of Mauritius Act (BOM Act) and Section 64(8) & (14) of the Banking Act have been amended in the Finance (Miscellaneous Provisions) Act 2018 to empower the Bank of Mauritius to share information with foreign supervisory institutions or authority and international organization in addition to its foreign counter parts. Section 64(3) of the Banking Act has been amended in the Finance (Miscellaneous Provisions) Act 2018 to provide the conditions where the duty of confidentiality imposed on financial institutions may not apply. These include:

i. *The information is required to be disclosed by the financial institution for the purpose of complying with their duties in relation to the prevention of money laundering and terrorism financing under the Act;*
ii. *with respect to payable-through accounts, the customer due diligence information is required to be disclosed, to another institution with which it maintains a correspondent banking relationship, provided that the institution has given a written undertaking regarding the confidentiality of the information provided; and*
iii. *the customer due diligence information is required to be disclosed by the financial institution for the purpose of meeting the requirement set out by the Bank with respect to domestic or cross-border wire transfers or reliance on a third party.*

Weighting and Conclusion

Mauritius has addressed all the deficiencies identified against R.9 in the MER. **Mauritius is re-rated Compliant with R. 9.**

3.1.2. Recommendation 10- Customer due diligence (Originally rated NC – re-rated to LC)

The main shortcomings under the MER related to: a) absence of legal obligation to implement a full range of CDD measures provided for in R.10 and for all categories of FIs; b) absence of legal obligation in relation to identification of persons purporting to act on behalf of customers; c) absence of legal requirement to identify and verify identity of beneficial owners; d) absence of legal requirement for FIs to understand the purpose and intended nature of business relationship; e) absence of legal requirement for FIs to carry out ongoing CDD on business relationships; f) absence of a legal requirement for FIs under Bank of Mauritius to understand the nature of business, ownership and control structure of legal persons and legal arrangements; and g) permitting exemptions and simplified measures not supported by adequate analysis of ML/TF risks.

S17B of FIAMLA in the Finance (Miscellaneous Provisions) Act 2018 prohibits a reporting person from establishing or maintaining an account in a fictitious name. Section 17C of the FIAMLA sets out the requirement for a reporting person to undertake CDD measures by means of such reliable and independent source documents or information. However, the threshold for undertaking CDD measures on transactions with respect to occasional wire transfers is 500, 000 Mauritius Rupees (equivalent to USD 14,368.02) which is above the threshold set under R16 (1000 USD/EUR). A set of Regulations (the FIAMLA Regulations 2018) have been made under sections 17C, 17D, 17E and 35 of FIAMLA. The FIAMLA Regulations contain criminal provisions and under s.122 of the Constitution of Mauritius, legislation containing criminal provisions must be placed before the National Assembly of Mauritius as soon as is practicable after they are made and they can be revoked within 30 days. The FIAMLA Regulations 2018 can therefore be considered "law" for the purpose of the FATF Recommendations as they were passed pursuant to a parliamentary procedure in Mauritius. Regulation 3(1) (a) of the FIAMLA Regulations 2018 requires the reporting entities to identify their customer whether permanent or occasional. The duty to verify any person purporting to act on behalf of a customer as well as to identify and verify the identity of that person is set under Reg. 3(1)(b) of the FIAMLA Regulations 2018. Regulation 3(1)(c)-(e) of the same Regulations addresses the identified deficiencies against Criterions 10.5, 10.6, and 10.7 .

In terms of Regulation 5(a) of the same Regulations, where the customer is a legal person or legal arrangement, a reporting person is required to, with respect to the customer, understand and document the nature of his business; and his ownership and control structure. Under Regulation 5(b) of the Regulations, where the customer is a

legal person or legal arrangement, FIs are required to identify and verify the corporate name; identities of directors, address of the head office; proof of incorporation and similar evidence of the legal status legal form; as well as provisions that bind the legal person and any information that is necessary to understand the ownership and control structure of the legal person or arrangement.

Under Regulation 6(1) of Regulations 2018, FIs are required to apply CDD measures which include identifying the beneficial owner and taking reasonable measures, on a risk sensitive basis to verify the identity of the beneficial owner and to take measures to understand the ownership and control structure of the legal entity. However, the requirement under C10.10 (c) is not fulfilled as the same Regulation requires FIs to identify natural persons holding senior management position only when the requirements under 10.1(a) and (b) are not fulfilled cumulatively (i.e. connected by 'and') instead of alternatively as required under the standard (i.e. connected by 'or').

Regulation 7 of Regulations 2018 requires that for customers that are trusts or other legal arrangements, the reporting person is required to identify and take reasonable measures to verify the identity of beneficial owners including the identity of the settlor, the trustee, the beneficiaries or class of beneficiaries, and where applicable, the protector or the enforcer, and any other natural person exercising ultimate effective control over the trust, including through a chain of control or ownership.

Under Regulation 8 of Regulations 2018, it is provided that in addition to the CDD measures for a customer and a beneficial owner, a reporting person must, with respect to a beneficiary of life insurance and other investment related policies, undertake CDD measures as set out below as soon as the identity of the beneficiary is identified or designated.

In terms of Regulation 12(4) of the Regulations, a reporting person shall include the beneficiary of a life insurance policy as a relevant risk factor when determining whether enhanced CDD measures are required. Regulation 5 of the Regulations requires reporting persons 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. Under Regulation 5 of the FIAMLA (Amendment) Regulations 2018, where the reporting person is allowed to establish the business relationship before the completion of the verification of identity of customer and beneficial owner, it is required to adopt and implement risk management procedures.

Section 17E of the Finance (Miscellaneous Provisions) Act 2018 and Regulation 10 of the 2018 Regulations provide that reporting persons must apply CDD requirements to

existing customers and beneficial owners. It is further provided that CDD requirements should be applied at appropriate times, based on materiality and risk, depending on the type and nature of the customer, the business relationship, products or transactions involved. Reporting persons must also consider when CDD measures where previously applied and whether adequate data was obtained at that time.

S17C (4) of FIAMLA and Regulation 11 of the 2018 Regulations allow reporting persons to conduct simplified due diligence where the risks are lower. However, simplified due diligence is prohibited if there is a suspicion of money laundering or terrorism financing. In such cases, the reporting person is obliged to apply enhanced CDD measures.

Under Regulations 8(5) and 13 of the 2018 Regulations, where compliance with relevant CDD measures set out under the FIAMLA Regulations 2018 is not possible, the reporting person is prohibited from opening the account, commencing the business relationship or performing a transaction. In addition, they are obliged to terminate the business relationship and must also file a suspicious transaction report in accordance with Section 14 of FIAMLA in relation to the customer.

Under Regulation 3(3) of Regulations 2018, in all cases where a reporting person suspects money laundering, terrorism financing or proliferation financing and reasonably believes that performing the CDD process would amount to tipping off of the customer, the CDD process shall not be pursued and the reporting person must file a suspicious transaction report in accordance with Section 14 of FIAMLA.

Weighting and Conclusion

Mauritius has addressed all the deficiencies identified against Rec. 10 in the MER except the identified deficiencies under Criterions 10.2(c) and 10.10(c). **Mauritius is re-rated Largely Compliant with R. 10.**

3.1.3. Recommendation 12-Politically Exposed Persons (Originally rated PC – re-rated to C)

The main shortcomings identified under the MER related to: a) no legal provisions requiring FIs under BoM to comply with obligations relating to PEPs; b) absence of specific measures applicable to beneficiaries of life insurance contracts; c) FIs under FSC are not obliged to apply requirements related to PEPs in relation to individuals holding prominent functions in international organisations; and d) some deficiencies in R.10 (relating to beneficial owners and enhanced supervision) are also applicable under R.12.

Regulation 15(1) of the FIAML Regulations requires FIs to apply measures in respect of foreign PEPs by adopting risk management procedures, obtaining management approval, verifying the source of income/wealth and conducting on-going due diligence. Regulation 15(2) of the same Regulation requires FIs to take reasonable steps determine if a customer or beneficial owner is a PEP or a person entrusted with a prominent function in an international organisation. It further requires FIs to obtain senior management approval, establish the true identity of source of income/wealth and conduct enhanced on-going monitoring once it determines that such a business relationship poses higher risks.

Regulation 15(3) as read with Regulation 6 of the Regulation requires FIs to apply the mitigating controls analysed in criteria 12.1 and 12.2 in respect of family members and close associates of a customer or beneficial owner who has been determined as a PEP.

In terms of regulation 15(4), there are specific requirements for FIs to determine whether beneficiaries of life insurance policies and their beneficial owners, are PEPs.

Weighting and Conclusion
Mauritius has addressed all the deficiencies identified against R. 12 in the MER.
Mauritius is re-rated Compliant with R. 12.

3.1.4. Recommendation 13- Correspondent banking (Originally rated NC-re-rated to C)
The MER states that Mauritius does not have legal obligations for FIs in Mauritius to apply specific measures when engaging in correspondent banking relationships and transactions as set out in R.13.

Regulation 16 of the FIAML Regulations requires FIs to comply with the following when engaging in cross-border correspondent relationships and other similar relationships:
(a) - Regulation 16(1) (a)-(b) provides for FIs to gather sufficient information about a respondent institution to understand fully the nature of the respondent's business, and to determine from publicly available information the reputation of the institution and the quality of supervision, including whether it has been subjected to an ML/TF investigation or regulatory action;

(b) - Regulation 16(1) (c) provides for FIs to assess the respondent institution's AML/CFT controls;

(c) - *Regulation* 16(1) (d) provides for FIs to obtain approval from senior management before establishing new correspondent relationships; and

(d) - Regulation 16 (1) (e) provides for FIs to document the respective AML/CFT responsibilities of each institution.

Regulation 16(2) of the same Regulations provides that with respect to payable-through accounts, a reporting person shall be satisfied that the respondent bank –

(i) has performed CDD obligations on its customers having direct access to accounts of the correspondent bank; and

(ii) is able to provide relevant CDD information upon request to the correspondent bank.

Regulation 17 of the Regulations prohibits a reporting person from entering into or continuing a business relationship or occasional transaction with a shell bank and requires banks to take reasonable measures to satisfy themselves that respondent banks do not permit their accounts to be used by shell banks.

Weighting and Conclusion

Mauritius has addressed all the deficiencies identified against R. 13 in the MER. **Mauritius is re-rated Compliant with R. 13.**

3.1.5. Recommendation 14- Money or value transfer services (Originally rated PC – re-rated to C)

The MER indicates a shortcoming with regard to absence of: a) provision in law or regulation which requires agents of MVTS providers to be licensed or registered by a competent authority; and b) requirement in law or other enforceable means which requires FIs to include agents in their AML/CFT programmes and monitor them for compliance with the programmes.

Regulation 18(a) of the Regulations 2018 requires a MVTs provider to maintain a list of all its agents or subagents which shall be provided:

(i) to the FIU or to the relevant supervisory or competent authority upon request;

(ii) to competent authorities in countries in which its agent operates.

Regulation 18(b) of the Regulations 2018 requires MVTs providers to include agents in their programs for combating money laundering and terrorism financing and monitor them for compliance with these programs.

Weighting and Conclusion

Mauritius has addressed all the deficiencies identified against R. 14 in the MER. **Mauritius is re-rated Compliant with R. 14.**

3.1.6. Recommendation 15- New technologies (Originally rated NC – re-rated to PC)

The main shortcomings identified under the MER are: a) no specific requirements for competent authorities and FIs to identify and assess the ML/TF risks that may arise in relation to the development of new products or new business practices, and the use of new or developing technologies for both new and existing products; and b) FIs are not required to take appropriate measures to manage and mitigate risks.

Section 17(3) of the FIAMLA (as amended) and Regulation 19(1) of the FIAML Regulations require FIs to identify and assess ML/TF risks posed by new products, business practices and technologies. Section 53A of the Banking Act (as amended) requires financial institution to identify and the assessment of ML/TF risks posed by new services, methods and technologies. However, Mauritius has not carried out an ML/TF risk assessment associated with development of new products and new business practices, including new delivery mechanisms, and the use of new technologies for both new and existing products. Regulation 19 (2) of the FIAML Regulations addresses the identified deficiency against c15.2.

Weighting and Conclusion

The deficiencies against c.15.2 have been addressed. However, the deficiencies against c.15.1 in relation to identifying and assessing ML/TF risk that may arise on new products and technologies both at a country and FI level remain outstanding. **Mauritius is re-rated Partially Compliant with R. 15.**

3.1.7. Recommendation 16- Wire transfers (Originally rated NC – re-rated to LC)

The main shortcoming identified under the MER is that there were no specific legal obligations for FIs in Mauritius to apply specific measures when engaging in wire transfers as set out in R.16.

Regulation 20(1) & 20(13) of the Regulations 2018 requires a bank or a foreign exchange dealer as well as MVTs to ensure that all cross-border wire transfers are always accompanied by the required and accurate originator information and the required beneficiary information as set out in C16.1. The requirements of Regulation regarding batch files are consistent with the FATF requirements (Regulation 20(2) of the FIAML Regulations, 2018). Mauritius does apply the *de minimis* threshold for the requirements of 16.1. Criteria 16.3 and 16.4 are therefore not applicable. Pursuant to regulation 20(3) of the Regulations 2018, relevant persons must ensure that the information accompanying a domestic wire transfer includes the same originator information as set out for cross-border wire transfer. Therefore, C16.6 is not applicable in the case of Mauritius. Pursuant to Regulation 20(5) of the FIAML Regulations, 2018, the ordering FI

shall not execute the wire transfer where it does not comply with the requirements specified in regulations 20(1) to (4).

Regulation 20(6) of the same Regulations requires an intermediary financial institution to ensure that, for cross-border wire transfers, all originator and beneficiary information that accompanies a wire transfer is retained with it.

In terms of Regulation 20(7) of the Regulations, where technical limitations prevent the required originator or beneficiary information accompanying a cross-border wire transfer from remaining with a related domestic wire transfer, the intermediary financial institution shall keep a record, for at least seven years, of all the information received from the ordering financial institution or another intermediary financial institution.

Regulation 20(8) of the Regulations 2018 requires an intermediary financial institution 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.

Intermediary and Beneficiary financial institutions are required under Regulations 20(9) & (12) respectively of the Regulations 2018 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; and

(b) the appropriate follow-up action.

Beneficiary financial institutions must take reasonable measures, which may include post-event monitoring or real-time monitoring where feasible, to identify cross-border wire transfers that lack required originator information or required beneficiary information under Regulation 20(10) of the Regulations 2018.

Pursuant to Regulation 20(11) of the Regulations 2018, a beneficiary financial institution must also verify the identity of the beneficiary, where the identity has not been previously verified, and maintain this information in accordance with Section 17F of the FIAMLA and Regulation 14 of the Regulations 2018, which set out the record keeping requirements.

Regulation 20(14) of the Regulation 2018 requires a MVTs provider that controls both the ordering and the beneficiary side of a wire transfer to -

(a) take into account all the information from both the ordering and beneficiary sides in order to determine whether an STR has to be filed; and

(b) file an STR in any country affected by the suspicious wire transfer, and make relevant transaction information available to the FIU.

Weighting and Conclusion

Mauritius has addressed all the deficiencies identified against Rec. 16 in the MER except the identified deficiencies under Criterion 16.18. Given the fact that the country has low TF risk profile, **Mauritius is re-rated Largely Compliant with R. 16.**

3.1.8. Recommendation 17- Reliance on third parties (Originally rated NC – re-rated to C)

The main shortcomings identified under the MER are: a) no provision in law or any other enforceable means which clearly points out to the requirement to consider information available on the level of country risk; and b) FIs are not under obligation to ensure that: (a) the group applies CDD and record keeping requirements in line with Recs 10 and 11 and programmes against ML/TF in accordance with R. 18.

In Terms of S.17D of the FIAMLA and Regulation 21(1) of FIAML Regulations, 2018, FIs may rely on a third party to introduce business or to perform the CDD measures under regulation 3(a), (c) and (d) of the Regulations 2018 with the understanding that the ultimate responsibility for applying CDD measures remains with the FI provided that the third party:

(i) obtain immediately the necessary information required under regulation 3(a), (c) and (d);

(ii) take steps to satisfy himself that copies of identification data and other relevant documentation related to CDD requirements shall be made available from the third party upon request without delay; and

(iii) satisfy himself that the third party is regulated and supervised or monitored for the purposes of combating money laundering and terrorism financing, and has measures in place for compliance with CDD and record keeping requirements in line with the Act and these regulations.

Regulation 21(3) of the FIAML Regulations requires FIs relying on third parties or introduced businesses to have regard to country's ML/TF risk level to satisfy themselves that the introducing entity is from a jurisdiction which applies AML/CFT measures consistent with the FATF Standards.

Under Regulation 21 (4) of the Regulation 2018 where a reporting person relies on a third party that is part of the same financial group, the host or home supervisors may consider that that the CDD and record keeping requirements are met where-

(a) the financial group applies CDD and record keeping requirements and programmes for AML/CFT;

(b) these implementations of CDD and record keeping requirements and programmes are supervised by a competent authority; and
(c) that the risks arising from high risks jurisdictions are adequately mitigated by the financial group policies for AML/CFT.

Weighting and Conclusion

Mauritius has addressed all the deficiencies identified against R. 17 in the MER. **Mauritius is re-rated Compliant with R. 17.**

3.1.9. Recommendation 18- Internal controls and foreign branches and subsidiaries (Originally rated PC- re-rated to C)

The main shortcomings identified in the MER include: a) No specific provisions in law or other enforceable means which require financial groups to implement group wide programmes against ML/TF risks; and b) no requirements in law or other enforceable means which require FIs to ensure that their overseas branches or subsidiaries to apply AML/CFT measures consistent with those of Mauritius where the host country requirements are less strict.

Regulation 22(1) of the FIAML Regulation requires FIs to have in place internal procedures, policies and controls, including (a) the appointment of a compliance officer, (b) screening procedures for hiring employees; (c) ongoing training of employees and (d) having in place an independent audit function.

Regulation 23 of the FIAML Regulations, 2018 provides for the framework in law to meet the requirements of Criterions 18.2-3.

Weighting and Conclusion

Mauritius has addressed all the deficiencies identified against R. 18 in the MER. **Mauritius is re-rated Compliant with R. 18.**

3.1.10. Recommendation 22- DNFBPs: Customer due diligence (Originally rated NC- re-rated to LC)

The main shortcomings identified in the MER include: a) no requirement in law for DNFBPs to apply full range of CDD measures (except the obligation to verify customers identity); b) no provision in enforceable means which sets out details of records to be kept by DNFBPs; c) no requirements in enforceable means which apply to PEPs; d) no

requirements in enforceable means which apply to new technologies; and e) no requirements in enforceable means which apply to third-parties.

The FIAMLA extends the scope of CDD requirements to the DNFBPs. Regulation 32 of the Regulations 2018 further sets out the circumstances in which DNFBPs (as specified under the FATF Standards) should comply with the Regulations 2018. For other DNFBPs including dealers in precious stones and metals, the Regulations will apply in all circumstances. The deficiencies indicated under Para 3.1.2 above are also applicable here. Regulation 14 of the Regulations 2018 set out record keeping requirements that apply to DNFBPs. Regulation 15 of Regulations 2018 apply to DNFBPs (see the analysis under Para. 3.1.3). Regulation 19 of Regulations 2018 applies to DNFBPs though Mauritius has not undertaken ML/TF risk assessment on new technologies and products being used by DNFBPs (see the analysis under Para. 3.1.6). Regulation 21 of Regulations 2018 applies to DNFBPs (see the analysis under Para. 3.1.8).

Weighting and Conclusion

Mauritius has fully addressed the identified deficiencies against Criterions 22.2, 22.3 and 22.5, mostly addressed the deficiencies against Criterions 22.1 and partially addressed the deficiencies against Criterion 22.4. **Mauritius is re-rated Largely Compliant with R. 22.**

3.1.11. Recommendation 27- Powers of Supervisors (Originally rated LC- re-rated to C)

The limits identified in the MER include: a) FIs under BoM are not subject to sanctions for non-compliance with obligations in relation to most preventive measures; and b) the legal framework does not provide for sanctions provisions which have a direct link between breaches and sanctions and the sanctions regime is not in line with R.35.

The definition of the term 'banking laws' in section 2 of the Banking Act has been amended to include the FIAMLA and the Prevention of Terrorism Act. Pursuant to section 100 of the Banking Act and section 50 of the Bank of Mauritius Act, the Bank may issue guidelines and instructions for the purpose of the Banking Laws.

Failure to comply with any guideline or instruction issues under section 100 of the Banking Act or Section 50 of the Bank of Mauritius Act is a criminal offence punishable by a fine not exceeding one million rupees and, in the case of continuing offence, to a further fine of 100,000 rupees for every day or part of a day during which the offence continues and to imprisonment for a term not exceeding 2 years. Section 100(4) of the Banking Act and Section 50(5) of the Bank of Mauritius Act).

The offence may be compounded by the Bank with the consent of the Director of Public Prosecutions and agreement of the financial institution pursuant to section 69 of the Bank of Mauritius Act and section 99 of the Banking Act.

In addition, in terms of section 50(6) of the Bank of Mauritius Act, the Bank of Mauritius may impose an administrative penalty on any financial institution which has refrained from complying or negligently failed to comply with any instructions or guidelines issued or requirement imposed by the Bank under the banking laws.

Weighting and Conclusion

Mauritius has addressed all the deficiencies identified against R. 27 in the MER. **Mauritius is re-rated Compliant with R. 27.**

3.1.12. Recommendation 32- Cash couriers (Originally rated PC – no re-rating)

The shortcoming identified under the MER relates to: (i) the fact that false or non-declaration of currency or BNIs is not subject to confiscation; (ii) there are no mechanisms or arrangements in place with regard to currency or BNIs detected by the PIO in circumstances other than a targeted passenger; and (iii) no evidence to demonstrate how information of declaration exceeding threshold, or where there is falsely declared or involves ML/TF is retained to provide international cooperation.

Section 131A (3) (b) of the Customs Act provides that where a proper officer has reasonable cause to believe that a declaration made by a person under Section 131A (1) or (1A) is false or misleading in any material particular, such an officer may detain and search the person as provided for under Section 132 of the Customs Act. However, the remaining deficiencies have not been addressed.

Weighting and Conclusion

Mauritius has addressed the identified deficiencies against Criterion 32.5. It has not sufficiently addressed the remaining deficiencies against Criterions 32.7, 32.8 and 32.9. Given the importance of the remaining deficiencies, ***there is no rerating for Recommendation 32.***

4. CONCLUSION

Mauritius has made significant overall progress in resolving the technical compliance shortcomings identified in its MER and ratings for 12 Recommendations have been revised. The jurisdiction has addressed the deficiencies in respect of Recommendations 9 (initially rated PC), 12 (initially rated PC), 13 (initially rated NC), 14 (initially rated PC), 17 (initially rated NC), 18 (initially rated PC) and 27 (initially rated LC) and the reviewers recommend to upgrade the rating for each recommendation with Compliant

(C). In relation to Recommendations 10, 16 and 22 (initially rated NC), Reviewers recommend re-rating for the recommendations with Largely Compliance (LC).

Some steps have been taken to improve compliance with Recommendation 15 (initially rated NC) however, moderate shortcomings still remain. Therefore, it was agreed to re-rate it as PC.

Reviewers have also evaluated information provided in support of the request for re-rating of Recommendation 32 (initially rated PC). However, while the steps taken to address the deficiencies have been noted, the information currently provided does not indicate that the country has made sufficient progress to warrant re-rating. On this basis, it was agreed that rating for this Recommendation should remain as it is.

Given the progress made since adoption of its MER, Mauritius' technical compliance with the FATF Recommendations has been revised as shown in the table below:

Table 2. Technical compliance following revision of ratings, April 2019

	R 9	**R 10**	**R 12**	**R 13**	**R 14**	**R 15**	**R 16**	**R 17**	**R 18**	**R 22**
Previous Rating	PC	NC	PC	NC	PC	NC	NC	NC	PC	NC
Re-rated to	**C**	**LC**	**C**	**C**	**C**	**PC**	**LC**	**C**	**C**	**LC**
	R 27	**R 32**								
Previous Rating	LC	PC								
Re-rated to	**C**	**No reratin g (PC)**								

Note: Four technical compliance ratings are available: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

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

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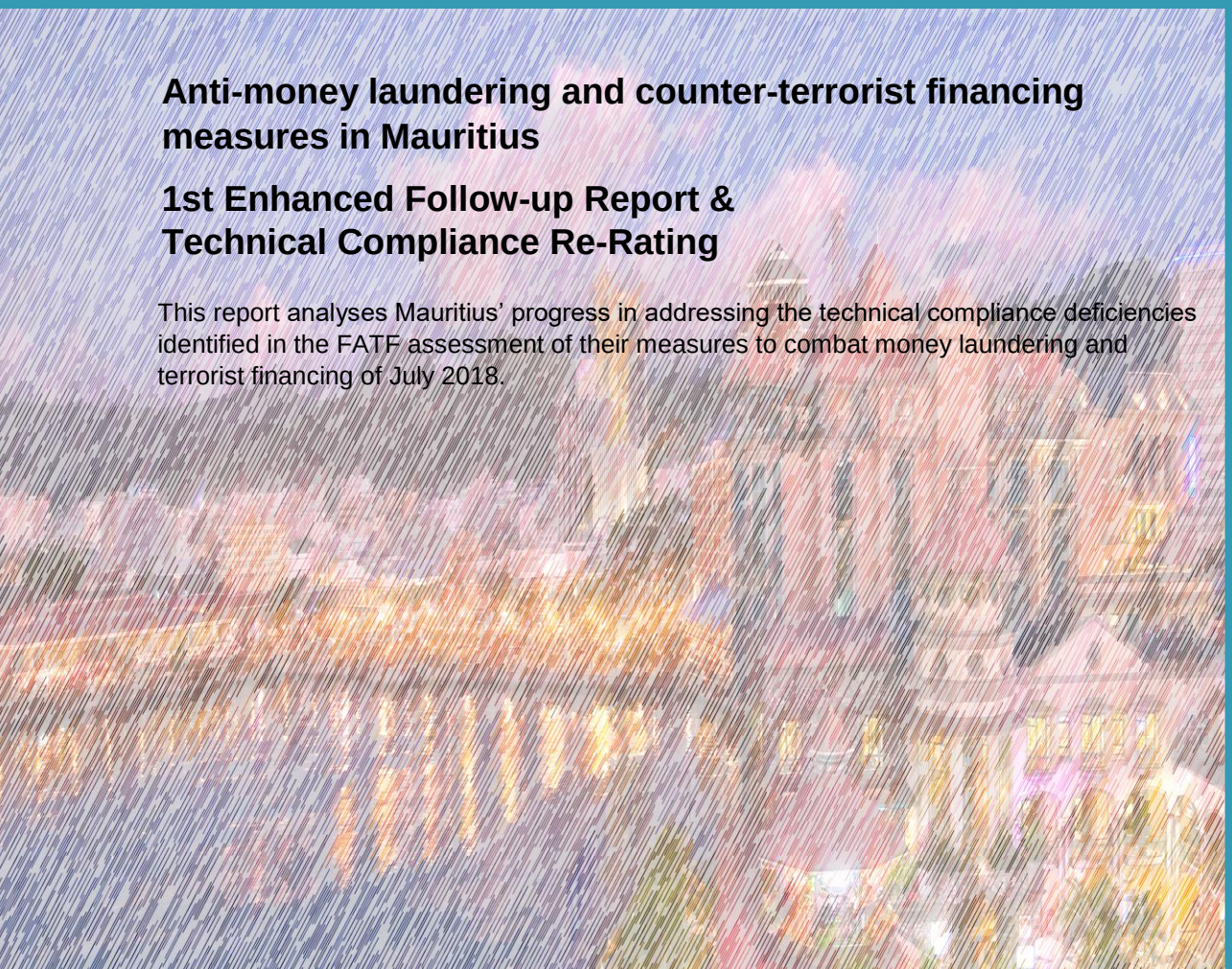
April 2019

Anti-money laundering and counter-terrorist financing measures in Mauritius

1st Enhanced Follow-up Report & Technical Compliance Re-Rating

This report analyses Mauritius' progress in addressing the technical compliance deficiencies identified in the FATF assessment of their measures to combat money laundering and terrorist financing of July 2018.



Follow-up report