



Anti-money laundering and counter-terrorist financing measures

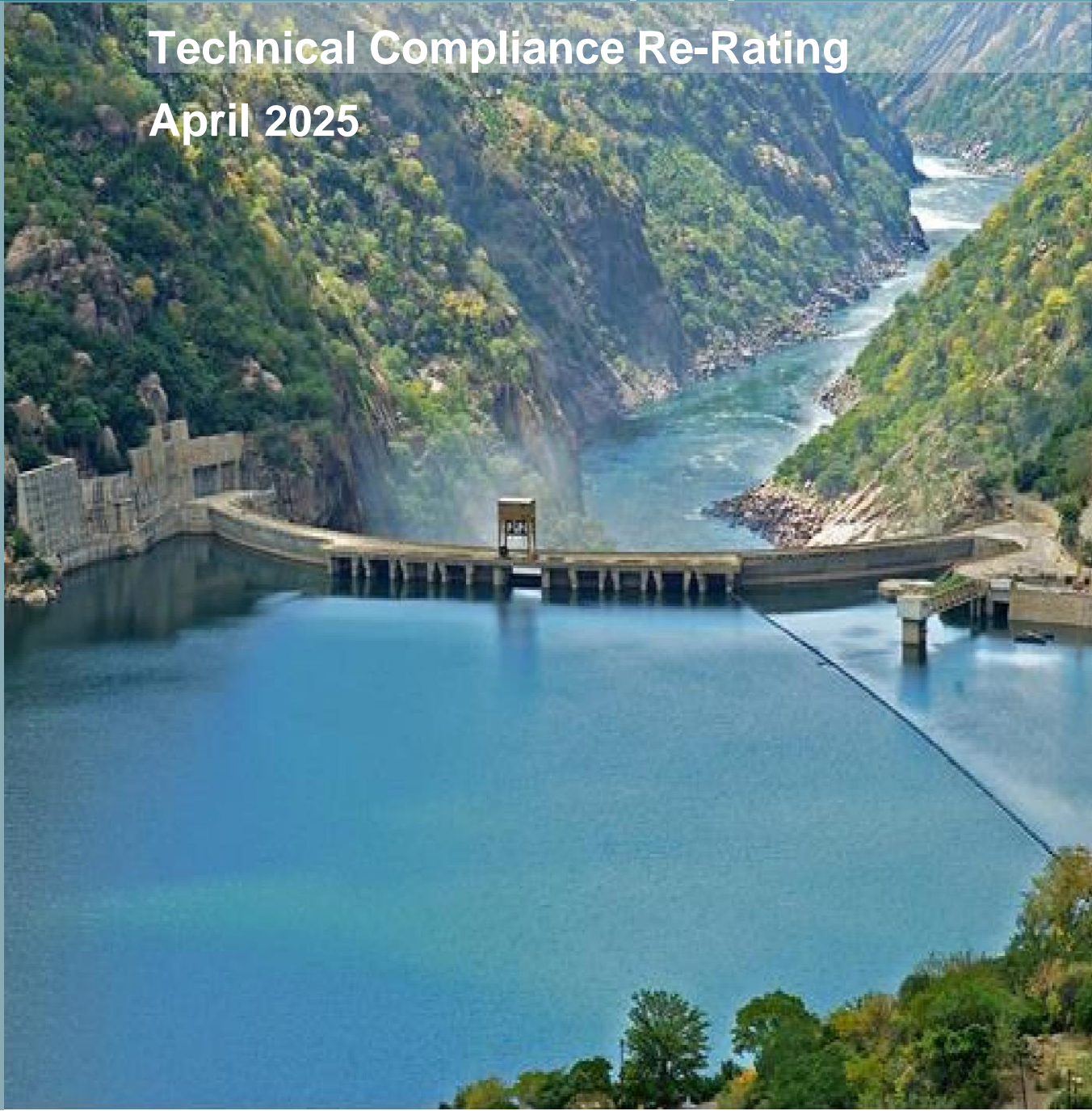
Mozambique

5th Enhanced Follow-up Report & 3rd

Technical Compliance Re-Rating

April 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 21 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, 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 approved through a written process by the ESAAMLG Task Force of Senior Officials in April 2025.

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MOZAMBIQUE: 5th ENHANCED FOLLOW-UP REPORT & 3rd REQUEST FOR TECHNICAL COMPLIANCE RE-RATING

I. INTRODUCTION

1. The ESAAMLG evaluated the Anti-Money Laundering and Combating the Financing of Terrorism and proliferation financing (AML/CFT) regime of the Republic of Mozambique under its Second Round of Mutual Evaluations from 25th November to 06th December 2019. The Mutual Evaluation Report (MER) was adopted by the ESAAMLG Council of Ministers in June 2021¹. According to the MER, 30 out of the 40 Recommendations were rated NC/PC for Technical Compliance and 11 Immediate Outcomes were rated Low for effectiveness.
2. In view of the above ratings, Mozambique was placed under enhanced follow up² in terms of Paragraph 105 of Procedures² for the ESAAMLG 2nd Round of AML/CFT Mutual Evaluations and Follow up Process.
3. Overall, the expectation is that countries will have addressed most, if not all, Technical Compliance deficiencies by the end of the third year from the adoption of their MER. This report does not consider progress that Mozambique has made to improve its effectiveness. This draft Follow-up Report (FUR) analyses Mozambique's progress in addressing the Technical Compliance deficiencies identified in its MER relating to 10 Recommendations. Re-ratings have been made where sufficient progress has been made.
4. The following experts (assisted by Tirivafi Nhundu, Kgomotsego Mooketsi and Vanevola Otieno from the Secretariat) assessed Mozambique's request for TC re-ratings and prepared its follow-up report:
 - Zenobia Barry (Namibia);
 - Vilho Nkandi (Namibia);
 - Susan Mangori (Botswana);
 - Refilwe Nasha (Botswana);
 - Kapaletswe Chikhwa Somolekae (Botswana);
 - Motsisi Mongati (Botswana);
 - Patrick Okettayot (Uganda);
 - Erivelto Teixeira Moreira Bastos (Angola);
 - Minervina inglês Lopes; and

¹ Mutual Evaluation of the Republic of Mozambique, May 2021 available at <https://www.esaamlg.org/reports/MER%20of%20Mozambique-June%202021.pdf>

² 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.

- Haja Lalao Razanamanana (Madagascar).

II. KEY FINDINGS OF THE MUTUAL EVALUATION REPORT

5. The MER rated the Republic of Mozambique’s technical compliance as set out in Table 1.1. In light of these results, Mozambique was placed in the enhanced follow-up process.

TABLE 1.1: Technical Compliance ratings, June 2021

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

III. UPDATE ON THE KEY FINDINGS OF THE MUTUAL EVALUATION REPORT

6. Considering the overall progress made by Mozambique to address specific deficiencies since the adoption of its MER, its Technical Compliance with the FATF Recommendations was reviewed and revised in September 2024 following its request for re-rating. The compliance ratings as at September 2024 are shown in Table 2.1:

Table 2.1 Technical Compliance Re-rating, September 2024

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

IV. OVERVIEW OF PROGRESS IN TECHNICAL COMPLIANCE

3.1. Progress to address Technical Compliance deficiencies identified in the MER

7. This Section summarises the progress made by Mozambique on Technical Compliance. Section IV sets out conclusions and contains a table of Recommendations for which a new rating has been given.
8. ESAAMLG welcomes the steps taken by Mozambique to improve its Technical Compliance deficiencies. Following this progress, Mozambique has been re-rated to Compliant with Recommendations 23, 26, 27 and 30, Largely Compliant with Recommendations 16, 22, and 25, and Partly Compliant with Recommendation 24.

3.1.1 Recommendation 16 – Wire Transfers (Originally rated PC – Re-rated to LC)

9. **In its Second Round MER, Mozambique was rated Partially Compliant (PC) with the requirements of Recommendation 16.** The deficiencies noted included the absence of legal provisions requiring originator and beneficiary information in batched cross-border wire transfers, the lack of obligations for MVTS operators to comply with Recommendation 16 across jurisdictions, and the failure to mandate financial institutions to implement freezing measures under UNSCRs 1267, 1373, and their successor resolutions.
10. **The June 2021 MER rated c.16.1(a) and c.16.1(b) as 'Met'.** Although the law has since been amended, the substance of these sub-criteria remains unchanged. *Hence, the ratings for c.16.1 remain Met.*
11. **In June 2021, the MER rated criterion 16.2 as 'Not Met'.** At that time, the law did not cover the requirements for cross-border wire transfers in batched files to contain required originator information and full beneficiary information. Mozambique has since remedied this deficiency through Decree No. 53/2023, Article No. 50 (International Electronic Transfers), which mandates that all electronic transfers include the name, account number (if applicable), address, national identification or customer identification number, and date and place of birth of the payer, along with the name, account number (if applicable), banking institution of the beneficiary, and the value of the transaction. In instances where no account is used, the decree requires the inclusion of a unique reference number to ensure the transaction can be traced. *Consequently, Criterion 16.2 is now considered "Met."*
12. **The June 2021 MER rated c.16.3 – c.16.15 as 'Met'.** Although the law has since been amended, the substance of these criteria remains unchanged. *Hence, the ratings for c.16.3 – c.16.15 remain Met.*
13. **The June 2021 MER rated criterion 16.16 as 'Not Met'** because Mozambique's legal framework at the time did not require MVTS operators to comply with all aspects of Recommendation 16 in countries where they operated, either directly or through agents. Mozambique has since remedied the deficiency through Article 6 of Law No. 20/2020 which categorizes MVTS providers as Payment Service Providers and hence financial institutions. Furthermore, Article 38 of Law 14/2023, read alongside Article 67 of Notice No. 10/GBM/2024, incorporates the requirements of Recommendation 16 which apply fully to

financial institutions, including MVTs providers, their branches, agencies, subsidiaries, and other forms of representation. *Consequently, criterion 16.16 is now considered Met.*

14. **The June 2021 MER rated criterion 16.17 as 'Not Met'** as there was no legal provision that would meet requirements under c.16.17(a) – (b). Through Article 6 of Law No. 20/2020, Article 38 of Law 14/2023 and Notice No. 10/GBM/2024, Mozambique requires MVTs providers that control both the ordering and Article 67 of beneficiary sides of a wire transfer to take into account all relevant information from both sides to determine whether an STR needs to be filed *meeting the requirements of c.16.17(a)*. There is no provision specifically requiring the MVTs provider to file an STR in any country affected by the suspicious wire transfer and make relevant transaction information available to the FIU, consistent with the requirements of c. 16.17(b). *Consequently, criterion 16.17 is now considered Partly Met.*
15. **The June 2021 MER rated criterion 16.18 as 'Not Met'** as Mozambique lacked legal provisions requiring financial institutions to take freezing actions or comply with prohibitions on conducting transactions with designated persons and entities, as mandated by UNSCRs 1267, 1373, and their successor resolutions. Mozambique has remedied the deficiency through Article 20 of Law No. 14/2023, which requires financial institutions, non-financial entities, and other natural and legal persons to implement mechanisms to comply with UNSCR measures, including freezing of all assets and economic resources owned or controlled, directly or indirectly, by designated persons or entities, irrespective of their link to terrorism or WMD proliferation. Article 117 of Notice No. 10/GBM/2024 further mandates financial institutions to establish effective mechanisms for detecting designated persons, blocking transactions, and ensuring compliance with freezing obligations including periodic independent evaluations to maintain effectiveness. The glossary attached to Law 14-2023 defines “assets” as goods of any kind—tangible or intangible, movable or immovable—acquired by any means and located either within the national territory or abroad, through documents or legal instruments. This definition explicitly includes assets in any form, such as electronic or digital formats, and covers a broad range of items that evidence the right to or interest in assets, including bank loans, traveler's checks, money orders, stocks, bonds, drafts, and letters of credit. Accordingly, the term "assets" encompasses any form, including electronic or digital. *Hence, criterion 16.18 is now considered Met.*

Weighting and conclusion

16. **In its Second Round MER, Mozambique was rated Partially Compliant (PC) with the requirements of Recommendation 16.** Mozambique has since amended its legal framework to require for financial institutions to ensure that both domestic and cross-border wire transfers are accompanied by accurate originator and beneficiary information throughout the payment chain, supported by policies for verification, monitoring, and risk management. However, Mozambique still has a minor deficiency as there is no provision requiring the MVTs provider to file an STR in any country affected by the suspicious wire transfer and make the relevant transaction information available to the FIU. **Based on the**

above, the reviewers recommend a re-rating of Rec.16 from Partially Compliant to Largely Compliant.

3.1.2 Recommendation 22 – Designated Non-Financial Businesses and Professions (DNFBPs): Customer Due Diligence (Originally rated PC – Re-rated LC)

17. **In its Second Round MER, Mozambique was rated Partially Compliant (PC) with the requirements of Recommendation 22** due to deficiencies identified under Recommendations 10, 11, and 12, which were also applicable to DNFBPs. Additionally, there were no legal provisions requiring DNFBPs to manage risks associated with new technologies or reliance on third parties.

18. **The June 2021 MER rated criterion 22.1 as 'Partly Met'** due to deficiencies identified under Recommendation 10. **Recommendation 10 is now considered Largely Compliant** following a re-rating. DNFBPs in Mozambique are required to apply the CDD requirements set out in the AML Law No. 14/2023 in relation to R.10 (and are subject to the same technical deficiencies noted in R.10, whereby Mozambique's legal framework lacks explicit CDD provisions for protectors and any other natural person exercising ultimate effective control over a trust). The CDD requirements in the AML Law are supplemented by sector specific guidelines which provide details for understanding by the entities and do not introduce additional requirements to the entities beyond the AML Law. The framework is further detailed below:
 - (a) Casinos in Mozambique are required to identify and verify the identity of customers engaging in financial transactions equal to or exceeding 190,000 Meticaís (approximately USD 3,000) under Article 30(1) of Law 14/2023. Additionally, they must collect identification data when players access gaming rooms or purchase gaming tokens, regardless of the transaction amount, as mandated by Article 15(2) of Instruction 01/IGJ/2022.
 - (b) Article 33(4) of Law No. 14/2023 requires real estate agents to conduct CDD measures when facilitating transactions related to the purchase or sale of real estate on behalf of their clients. These measures include identification, due diligence, and reporting obligations.
 - (c) Article 31 of Law No. 14/2023, dealers in precious metals and gems (DPMS) in Mozambique are required to conduct CDD measures for cash transactions equal to or exceeding 900,000 Meticaís (approximately USD 14,130), as outlined in Article 15 of the same law. The Kimberley Process Management Unit enforces compliance with these obligations, as stipulated in Ministerial Diploma No. 11/2023, which sets standards for preventing money laundering and terrorist financing in the mining sector.
 - (d) Under paragraph 2 of Article 5 of Law No. 14/2023 and paragraph 5 of Article 57 of Decree No. 53/2023, lawyers, notaries, independent legal professionals, and

accountants are subject to the CDD obligations specified in Article 11 of the same law when buying and selling real estate, managing client funds or assets, managing bank or securities accounts, organizing contributions for the creation or management of companies, and creating, operating, or managing legal entities or arrangements including buying and selling of business entities. Professionals involved only in preparatory tasks, such as drafting contracts or agreements without directly conducting the specified activities, are not subject to these obligations.

- (e) Under paragraph 3 of Article 5, paragraph 7 of Article 15, and paragraph 4 of Article 18 of Law No. 14/2023, Trust and Company Service Providers (TCSPs) offering fiduciary services on a commercial basis are required to comply with the CDD obligations set out in Article 11 of the law. Decree No. 53/2023 further specifies the covered activities of TCSPs, including acting as a formation agent of legal persons; acting as or arranging for another person to act as a director, secretary, or partner of a company, partnership, or similar legal entity; providing a registered office, business address, accommodation, or administrative address for legal entities or arrangements; acting as or arranging for another person to act as a trustee of an express trust or equivalent arrangement; and acting as or arranging for another person to act as a nominee shareholder for another person.

Hence, criterion 22.1 is now considered Mostly Met.

- 19. **The June 2021 MER rated criterion 22.2 as 'Partly Met'** because, although financial institutions were required to make all CDD information and transaction records available to competent authorities and the GIFiM upon appropriate authority, there was no specific requirement for this information to be made available swiftly. Mozambique through Article 43 of Law No. 14/2023 and Articles 29 and 30 of Decree No. 53/2023 now requires DNFBPs to comply with the same record-keeping obligations as financial institutions including maintaining all customer identification and transaction records for at least 10 years, ensuring the information is accurate and up-to-date, and making the records readily available to competent authorities and the GIFiM upon request. *Consequently, criterion 22.2 is now considered Met.*
- 20. **The June 2021 MER rated criterion 22.3 as 'Mostly Met'** because Mozambique's legal framework does not mandate FIs to determine whether the beneficiaries or the beneficial owners of life insurance policies are PEPs, nor does it require informing senior management before paying out policy proceeds, conducting enhanced scrutiny on the business relationship, or filing suspicious transaction reports. DNFBPs in Mozambique are required to comply with the same PEPs requirements as FIs under Articles 23 and 24 of Law No. 14/2023 and Articles 44 and 45 of Decree No. 53/2023, *hence c.22.3 remains Mostly Met.*
- 21. **The June 2021 MER rated criterion 22.4 as 'Not Met'** because Mozambique's legal

framework did not require DNFBPs to comply with the new technology requirements set out under Recommendation 15. Article 14 of Law No. 14/2023 now requires DNFBPs to identify and assess the risks of money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction, including risks associated with new technologies. This includes offering products or services that could promote anonymity and using or developing new payment methods or business practices. DNFBPs are also mandated to assess risks before launching new technologies and implement appropriate measures to mitigate those risks. However, Mozambique has not fully addressed the deficiencies outlined in Recommendation 15. *Therefore, the rating for criterion 22.4 is considered Partly Met.*

22. **The June 2021 MER rated criterion 22.5 as 'Not Met'** because Mozambique had no legal provision requiring DNFBPs to comply with the third-party reliance requirements. Article 17 of Law no. 14/2023 and Article 20 of Decree no. 53/2023 requires DNFBPs to comply with the third-party reliance provisions applicable to Financial Institutions. Specifically, DNFBPs apply CDD and verification measures when relying on third parties for the identification and verification of customers. Additionally, DNFBPs have an obligation to ensure that third parties are subject to adequate AML/CFT oversight and appropriate regulation. *Therefore, the rating for criterion 22.5 is now considered Met.*

Weighting and conclusion

23. **In its Second Round MER, Mozambique was rated Partially Compliant (PC) with the requirements of Recommendation 22.** Mozambique has since amended its legal framework to require for DNFBPs to implement CDD requirements including record-keeping and enhanced due diligence measures for PEPs. The provisions include customer identification and verification, and record maintenance for a minimum of 10 years. Furthermore, DNFBPs are obligated to apply third-party reliance measures and ensure AML/CFT oversight when relying on other parties for customer identification. Although, the jurisdiction provisions include risk assessment for new products and technologies, Mozambique has not addressed the deficiencies highlighted in Rec 10. **Based on the above, the reviewers recommend a re-rating of Rec.22 from Partially Compliant to Largely Compliant.**

3.1.3 Recommendation 23 – DNFBPS: Other Measures (Originally rated PC – Re-rated to C)

24. **In the Second Round MER, Mozambique was rated Partially Compliant (PC) with the requirements of Recommendation 23.** Reviewers noted that DNFBPs were not obligated to report suspicious transactions related to crimes such as insider trading, migrant smuggling, illicit trafficking in stolen goods, and market manipulation, as these were not classified as predicate offenses under Mozambican law. Additionally, the deficiencies identified under Recommendation 18—namely, the absence of provisions requiring financial groups to implement group-wide AML/CFT programs applicable to all branches

and majority-owned subsidiaries—and Recommendation 19, which highlighted the lack of legal requirements for EDD in high-risk transactions and the absence of measures to apply countermeasures or advise financial institutions on weaknesses in other countries' AML/CFT systems, were also applicable to the DNFBP sector.

25. **The June 2021 MER rated criterion 23.1 (a-c) as 'Partly Met'** because of the aforementioned deficiency in Recommendation 20. Under article 44 in conjunction with article 5(2), both of Law no. 14/2023, of 28 August, Lawyers are AML/CFT/CPF reporting entities. (a) Article 44, of Law No. 14/2023 and Article 24 of Decree No. 53/2023 requires all non-financial entities, including lawyers, notaries, and other independent legal professionals to comply with the requirements to report suspicious transactions when they engage in financial transactions on behalf of a client in relation to activities described in Criterion 22.1(d). (b) Article 44, paragraph 3 of Law No. 14/2023m requires all financial institutions and non-financial entities, including dealers in precious metals and stones, to notify GIFiM of any cash transaction equal to or exceeding 250,000 Meticaís (approximately USD 3,950). This requirement applies regardless of whether the transaction is carried out in a single instalment or structured in multiple transactions. (c) According to Article 5(3) of Law No. 14/2023, TCSPs, including those engaged in the formation, registration, and management of legal persons, must comply with STR obligations. All non-financial entities must immediately submit STRs to GIFiM as per Article 44, of Law No. 14/2023. Therefore, DNFBPs in Mozambique are subject to the same STR requirements as FIs *hence the rating for criterion 23.1 is now considered Met.*
26. **The June 2021 MER rated criterion 23.2 as 'Partly Met'** because of the absence of provisions requiring financial groups to implement group-wide AML/CFT programs applicable to all branches and majority-owned subsidiaries. Articles 49, 50, and 51 of Law No. 14/2023 along with Articles 34, 35, 36, and 37 of Decree No. 53/2023 requires DNFBPs to comply with the same internal control requirements and group-wide measures as FIs including, to comply with obligations related to branches and subsidiaries. It mandates that branches and subsidiaries of these entities, whether operating domestically or internationally, adhere to group-wide internal control measures aimed at preventing ML, TF, and FPWMD. This ensures consistency in applying AML/CFT obligations across a financial group and its subsidiaries, both inside and outside Mozambique, which remedies the previously identified deficiency *hence the rating for criterion 23.2 is now considered Met.*
27. **The June 2021 MER rated criterion 23.3 as 'Not Met'** because of lack of legal requirements for EDD in high-risk transactions and the absence of measures to apply countermeasures or advise financial institutions on weaknesses in other countries' AML/CFT systems as set out in Rec.19. Under articles 12(3)(b) and 39(1) of Law no. 14/2023, of 28 August, financial institutions and DNFBP's are required to apply EDD measures in high-risk situations. Specifically, DNFBPs are now required to comply with the same higher-risk countries

requirements as FIs under the AML Law No. 14/2023. Additionally, Ministerial Diploma No. 11/2023 (for the Kimberley Process Management Unit) and Ministerial Diploma No. 10/2023 (for the Precious Metals and Gems sector) set out obligations related to high-risk countries and outline the countermeasures necessary to mitigate ML and TF risks within the mining sector. *Mozambique has not submitted a re-ratings request for Rec 19; however, the Reviewers have looked at the elements of Rec 19 in Law no. 14/2023 and based on the review, the Reviewers are of the view that it meets the requirements. *Thus, the rating for criterion 23.3 is now considered Met.*

28. **The June 2021 MER rated criterion 23.4 as 'Met'** because DNFBPs were required to comply with the same tipping-off and confidentiality requirements as FIs. Article 49, 53 and 54 of Law No. 14/2023 requires DNFBPs to comply with the same tipping-off and confidentiality requirements as FIs *hence the rating for criterion 23.4 remains Met.*

Weighting and conclusion

29. **In its Second Round MER, Mozambique was rated Partially Compliant (PC) with the requirements of Recommendation 23.** Mozambique has since put in place a legal framework to ensure that its designated non-financial businesses and professions (DNFBPs) fulfills other AML/CFT measures, including suspicious transaction reporting, cash transaction reporting, and internal controls. DNFBPs are subject to tipping-off and confidentiality requirements, with consistency required for group-wide internal control measures across subsidiaries. Additionally, DNFBPs are now required to comply with the same higher-risk countries requirements as FIs under AML Law No. 14/2023. Specifically, FI and non-FI entities are required to exercise enhanced due diligence in situations which are likely to create a high risk of ML/TF (Art. 12 (3)(b) of AML Law No. 14/2023). **Based on the above, the reviewers recommend a re-rating of Rec.23 from Partially Compliant to Compliant.**

3.1.4 Recommendation 24 – Transparency and beneficial ownership of legal persons (Originally rated NC – Re-rated to PC)

30. **In the Second Round MER, Mozambique was rated Non-Compliant (NC) with the requirements of Recommendation 24** due to the absence of an ML/TF risk assessment covering all legal persons, lack of provisions for CREL to collect basic information, and inadequate measures to ensure the accuracy and updating of beneficial ownership information. Additionally, Companies were not required to retain records after dissolution, and mechanisms to prevent the misuse of nominee shares or monitor the quality of international assistance on BO information were lacking.
31. Article 67 of the Commercial Code, approved by Decree-Law no. 1/2022, of May 25th, provides for the following types of legal entities: a) Limited liability partnership; b) private liability company; c) limited liability company; and d) simplified joint stock company,

which are subject to registration at the Legal Entities Registry Office, in accordance with article 11 of the Legal Entities Registry Regulation, approved by Decree-Law no. 1/2024, of 8 March, whose Required elements of the BO are provided for in article 15 of the aforementioned Regulation. According to Decree Law no. 1/2024, legal persons that can be created in the country are: i) Associations; ii) Foundations; iii) Companies (in forms specified under the Commercial Code); iv) Cooperatives.

32. **The June 2021 MER rated criterion 24.1 as 'Not Met'** due to the absence of supporting legal provisions for assessing mechanisms to identify and describe legal persons, their creation, and the recording of basic and beneficial ownership information. **C.24.1(a) is now considered Met** as Article 67 of the Commercial Code provides for the registration of various types of legal persons in accordance with relevant regulations. Mozambique has established the Legal Entities Registry (Conservatória do Registo das Entidades Legais, or CREL), managed by the Ministry of Industry and Trade. This registry serves as the official repository for information on legal entities operating in Mozambique and is accessible through the Government Portal. **C.24.1(b) is now considered Partly Met** as whereas Mozambique's legal framework establishes mechanisms for the registration of legal persons and mandates the maintenance of beneficial ownership information by registered entities, the process for obtaining and recording basic information is not clearly articulated. **Overall, criterion 24.1 is now considered Partly Met.**
33. **The June 2021 MER rated c.24.2 as 'Not Met'** as Mozambique had not yet carried out a ML/TF risk assessment on all types of legal persons created in the country. Mozambique is yet to carry out the risk assessment **hence the rating for criterion 24.2 remains Not Met.**
34. **The June 2021 MER rated criterion 24.3 as 'Not Met'** as the mechanisms for identifying and describing legal persons, their creation, and the recording of basic and BO information could not be assessed due to the absence of supporting legal provisions. Articles 10 and 11 of Decree-Law No. 1/2024 now require that all companies created in Mozambique are registered in a company registry. The registry records basic information, including the company name, proof of incorporation, legal form and status and address of the registered office. Additionally, Article 12 of the Legal Entities Registration Regulation, approved by Decree-Law No. 1/2024, specifies that the registry captures the constitutive act (including articles of association and amendments), company name, registered office and other legally required facts of the entrepreneurs and directors ensuring that basic company information is maintained. The registry is accessible through the Government Portal. Therefore, **Criterion 24.3 is now considered Met.**
35. **The June 2021 MER rated c.24.4 as 'Not Met'** as the authorities could not demonstrate that they meet the requirements of this criteria. Mozambique's legal framework, Article 12 of Decree -Law No. 1/2024 now requires companies to maintain basic information, including

constitutive documents and their amendments. The constitutive documents would contain the register of shareholders or members, the number of shares held by each shareholder, the categories of shares, and the nature of the associated voting rights. However, the framework does not explicitly require that the location of this information be notified to the company registry. As a result, *critterion 24.4 is now considered Mostly Met*.

36. **The June 2021 MER rated c.24.5 as 'Not Met'** as the authorities could not demonstrate that they meet the requirements of this criterion. Article 16 of Decree-Law No. 1/2024 now requires that records be updated regularly and a deadline is imposed to legal entities submit the following declarations of the list of their beneficial ownership, in such, as no later than 90 days after the publication of the Regulations, at the time of incorporation, annually in the month of incorporation; and within 30 days of any change. Additionally, pursuant to article 22 of Law no. 14/2023, of 28 August, legal entities established in national territory must maintain adequate, accurate and updated information about their beneficial beneficiaries and the identity of their administrative bodies. *Consequently, the rating for criterion 24.5 is now considered Met*.
37. **The MER rated c.24.6 as 'Partly Met'** because not all BO information on legal persons was being captured by CREL at the time of incorporation or registration of a legal person in Mozambique. **c.24.6(a)**: Article 16 of Decree-Law No. 1/2024, of 8 March requires companies to submit declarations of their beneficial ownership to the Registry of Legal Entities within 90 days after the publication of the regulations, at the time of incorporation; annually during the month of incorporation and within 30 days of any changes. Furthermore, Article 22 of Law No. 14/2023, of 28 August, requires legal entities to maintain adequate, accurate, and updated information on their beneficial owners and management bodies. The obligation to report changes promptly (within 30 days) ensures accuracy of the BO information. The Registry of Legal Entities serves as the specified location within the country where this information is submitted and maintained. Supervisory authorities, the Attorney General's Office, GIFiM, and the Mozambique Tax Authority are also granted timely access to this information, ensuring it can be determined as needed. The framework triggers penalties for compliance failures. Consequently, *c.24.6 is now Met*.
38. **The MER rated c.24.7 as 'Not Met'** because there was no requirement to keep BO information accurate. Mozambique has since implemented mechanisms to ensure that BO information is as accurate and up-to-date as possible. Under Article 18(6) of AML Law No. 14/2023, of 28 August, information on beneficial ownership is registered with the Register of Legal Entities. Additionally, Article 22 of Law No. 14/2023 requires legal persons established within the national territory to maintain adequate, accurate, and updated information on their beneficial owners and management bodies. To ensure the ongoing accuracy of BO information, Article 16 of Decree-Law No. 1/2024, of 8 March, imposes an obligation to report changes to BO information within 30 days of any changes with clear

penalties for non-compliance *hence c.24.7 is now considered Met.*

39. **The MER rated c.24.8 as 'Not Met'** due to the absence of a legal framework explaining these criteria. The key deficiencies, including unclear obligations for companies to maintain records, the types of information to be collected, and the roles and responsibilities of company representatives or directors. Additionally, no measures ensured companies and DNFBPs fully cooperate with authorities in determining beneficial ownership, sharing information, or providing further assistance. The country also failed to specify comparable alternative measures. C. 24.8(a): Under Mozambican legal framework it is not a requirement for companies to authorise natural persons resident in the country to be accountable to competent authorities, for providing all basic information and available beneficial ownership information, and giving further assistance to the authorities, so c.24.8(a) is not applicable to Mozambique. C. 24.8(b) & (c) Mozambique has instead implemented mechanisms to ensure companies fully cooperate with competent authorities to the extent possible in determining beneficial ownership information by utilizing a combination of the mechanisms described in c.24.8(b) and c.24.8(c). Mozambique, under Article 57 of the AML Law Regulation approved by Decree No. 53/2023, identifies registrars and notaries as auxiliary entities in the prevention and combating of money laundering, terrorist financing, and the financing of proliferation. They are authorized and made accountable for maintaining and providing basic and beneficial ownership information and for assisting competent authorities. Additionally, Article 43(1) of Law No. 14/2023, of 28 August, mandates non-financial entities to maintain accurate and up-to-date beneficial ownership information and related documents for at least 10 years. Article 43(6-7) further ensures that this information is stored in a manner allowing for immediate access by competent authorities, such as judicial, supervisory, and law enforcement entities. Consequently, *c.24.8(b) is considered Met.* Mozambique has established comparable measures to ensure cooperation with competent authorities. Article 32 of the AML Law Regulation approved by Decree No. 53/2023 and Article 52 of Law No. 14/2023, of 28 August, creates a duty of cooperation and collaboration for companies, registrars, and notaries to assist in determining beneficial ownership information. To enforce this duty, Article 57(7) of the AML Law Regulation requires registrars and notaries to refuse notarial or registration acts if the necessary information is not provided. Additionally, Article 79(1)(v) imposes penalties for non-cooperation, *hence c.24.8(c) is now considered Met. Overall, c.24.8 is now Met.*
40. **The MER rated c.24.9 as 'Partly Met' regarding record keeping obligations.** Currently, under Article 43(1) of AML Law No. 14/2023, Mozambique requires financial institutions and non-financial entities to retain identification and transaction-related documents for 10 years from the date of closure of accounts or termination of the business relationship. However, it lacks provisions for company administrators or liquidators to retain beneficial ownership records post-dissolution and does not mandate competent authorities to retain

such information. *Consequently, c.24.9 remains Partly Met.*

41. **The MER rated c.24.10 as 'Partly Met'** as the powers to request shareholder information did not include BO information nor extend it to all relevant authorities. Currently, under Article 22 and 43 of Mozambique's Law 14/2023 grants supervisory authorities, the Attorney General's Office, GIFiM, the Revenue Authority, and other competent authorities timely access to BO and basic information for legal persons. Additionally, Mozambique ensures access to basic information through its public company registry *Consequently, c.24.10 is now Met.*
42. **The MER rated c.24.11 as 'Not Met'.** Mozambique has since implemented mechanisms described in c.24.11(a) and c.24.11(b) to ensure that bearer shares and bearer share warrants are not misused for money laundering or terrorist financing. Article 4 of the Commercial Code (Decree-Law No. 1/2022, May 25), requires all securities to be nominative, effectively prohibiting bearer shares and bearer share warrants therefore *c.2411(a) is now Met.* Furthermore, Article 5 of the Commercial Code mandates the conversion of any existing bearer shares into nominative shares, ensuring that no bearer instruments remain in circulation *therefore c.2411(b) is now Met. Overall, c.24.11 is now considered Met.*
43. **The MER rated c.24.12 as 'Not Met'** as the authorities could not demonstrate that they have provisions that meet the requirements of these criteria. Mozambique currently employs 'other mechanisms' to meet this requirement by prohibiting the use of nominee shares and nominee directors, as described under Article 355 of Decree-Law No. 1/2022, of May 25, which requires that the ownership of shares be registered in the name of the actual shareholder. Therefore, mechanisms related to the regulation or disclosure of nominee arrangements, such as those outlined in *c.24.12(a) and c.24.12(b) are Not Applicable.* Article 12(1)(v) of Decree-Law No. 1/2024, of March 8 mandates the registration of beneficial ownership information, and Article 17 requires that this information be made accessible to competent authorities. Additionally, under Article 57(5-7) of Decree No. 53/2023, of August 31, registrars and notaries are required to identify and verify parties involved in transactions and to refuse registration or notarial acts if the requested information is not provided. *Consequently, c.24.12(c) is considered Met and overall, c.24.12 now considered Met.*
44. **The MER rated c.24.13 as 'Not Met'** as the authorities could not demonstrate that they have provisions that meet the requirements of these criteria. Article 134(1)(2) of Decree-Law No. 1/2024 imposes civil and criminal liability on individuals who make false statements to the registry, ensuring accountability for misrepresentation. Similarly, Article 62 of Decree No. 53/2023 establishes that all natural and legal persons, including non-profits, financial institutions, and non-financial entities, are subject to contravention proceedings for violations of their duties under Law No. 14/2023 or complementary legislation. Under

Article 18(1)(2) of Decree-Law No. 1/2024, failure to meet deadlines or providing false information results in suspension of the ability to carry out procedures with the Registry of Legal Entities and monetary fines. Article 47(1)(2) of Decree-Law No. 1/2024 requires referral to the Public Prosecutor's Office for criminal proceedings if fines are not paid, with additional penalties for non-compliance. Article 71 of AML Law No. 14/2023, establishes civil liability for violations, complementing administrative and criminal penalties effectively meeting the requirements of this criterion. *c.24.13 is now considered Met.*

45. **The MER rated c.24.14 as 'Largely Met'** as there was no requirement to act rapidly when providing international assistance. Article 65(1) of AML Law No. 14/2023 establishes a duty to cooperate among authorities tasked with preventing money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction, requiring them to provide any requested information, assistance, or other forms of cooperation to their counterparts or whenever necessary to achieve the authority's objectives. In addition, Article 68 of AML Law No. 14/2023 sets out the framework for legal and judicial cooperation as governed by the law that defines the principles and procedures for international criminal matters. Furthermore, Mozambique actively supports international cooperation regarding basic and beneficial ownership information. Article 65(4) of AML Law No. 14/2023 specifically mandates that competent authorities establish secure, reliable, and efficient channels. These channels ensure that international cooperation requests are received, executed, transmitted, and prioritized in a timely manner.
46. Mozambique ensures access to basic information through its public company registry. Article 120 of Decree-Law No. 1/2024, of March 8, allows anyone to obtain certificates of registration and access information, including through the registry office's website. Furthermore, Article 65(1) of AML Law No. 14/2023, of August 28, and Article 72 of Law No. 11/2022, of July 7, mandate authorities responsible for combating money laundering and related crimes to provide requested information or assistance to foreign counterparts, hence *c.24.14(a) is now Met*. Furthermore, Mozambique facilitates the exchange of shareholder information through public registries, as Article 120 of Decree-Law No. 1/2024 makes shareholder information publicly accessible via the company registry. Cooperation obligations are reinforced under Article 65(1) of AML Law No. 14/2023, which requires competent authorities to provide requested information to foreign counterparts, hence *c.24.14(b) is also Met*. Lastly, Mozambique empowers competent authorities to use investigative powers to obtain BO information on behalf of foreign counterparts. Article 65(1)(2) of AML Law No. 14/2023 authorizes inspections, inquiries, and other procedures at the request of foreign authorities and requires competent authorities to share all information obtainable under national law. Additionally, Article 32(1)(2) of Decree No. 53/2023 mandates reporting entities to cooperate with judicial and supervisory authorities by providing access to requested documents and clarifications hence *c.24.14(c) is also Met*. *Overall, c.24.14 is now considered Met.*

47. **The MER rated c.24.15 'Not Met'** as there were no mechanisms in place to monitor the quality of assistance received from other countries regarding BO information. Under Articles 65(5) and 67(2)(b)(i) of Law No. 14/2023, of August 28, competent authorities in Mozambique are now required to provide timely feedback to foreign authorities on the use and usefulness of the cooperation provided, including assistance related to basic and BO information. This feedback includes the results of analyses or other steps taken based on the information received. *This criterion is now considered Met.*

Weighting and conclusion

48. **In its Second Round MER, Mozambique was rated Non-Compliant (NC) with the requirements of Recommendation 24.** Mozambique has since taken measures to ensure that legal persons maintain accurate and up-to-date basic and beneficial ownership information, including requirements for data retention and restrictions on bearer shares. However, Mozambique lacks publicly available mechanisms to identify and describe legal persons, has not conducted ML/TF risk assessments for all types of legal entities, lacks the framework to ensure that basic information is verified for accuracy or updated in a timely manner whenever changes occur, and retention requirements are not fully specified for dissolved companies. **Based on the above, the reviewers recommend a re-rating of Rec.24 from Non-Compliant to Partially Compliant Rating.**

3.1.5 Recommendation 25 – Transparency and beneficial ownership of legal arrangements (Originally rated PC – Re-rated to LC)

49. **In its second round MER, Mozambique was rated Non-Compliant (NC) with the requirements of Recommendation 25** due to a lack of clarity on the existence of trusts and trustees. While lawyers and professional trustees were allowed to offer trustee services, there were no specific provisions prohibiting services for foreign trusts. Furthermore, professional trustees were not obligated to obtain, update, or retain BO information or transaction records, nor were there mechanisms to sanction them for record-keeping violations.
50. **The MER rated c.25.1 as 'Not Met'** as the then Law in Mozambique did not clarify the legal concept of a trust. Mozambique has since established a framework to address the requirements for trustees of express trusts governed under its law. Under Article 13(3) of Decree 53/2023, beneficial owners of trusts are defined to include the settlor(s), trustee(s), protector (if any), beneficiaries or their categories, and any other natural person exercising ultimate effective control over the trust. Additionally, Article 34(2) of Law No. 14/2023 obliges directors of entities without legal personality (including trusts) to provide sufficient, accurate, and current information on their beneficial owners and the nature of their control. Article 15(7) of Law No. 14/2023 further ensures that trustees collect sufficient

information on administrators, founders, and beneficiaries. Hence, *c.25.1(a) is considered Met*. Additionally, under Article 43(5) of Law No. 14/2023, trustees are required to retain beneficial ownership information. However, there is no explicit requirement for trustees to hold basic information on other regulated agents or service providers to the trust, such as investment advisors, managers, accountants, or tax advisors. Consequently, *c.25.1(b) is considered Partly Met*. Lastly, Mozambique, under Article 43(5) of Law No. 14/2023, mandates trustees of trusts to retain beneficial ownership information for a minimum of five years following the termination of a trustee's involvement with the trust, *c.25.1(c) is now considered Met*. *Overall, c.25.1 is now Mostly Met*.

51. **The MER rated c.25.2 as 'Not Met'** since there was no requirement for TCSPs to keep the information held accurate and as up to date as possible and to be updated in a timely manner. Currently, Under Article 34(2) of Law No. 14/2023, directors of unincorporated entities (including trusts) are required to provide sufficient, accurate, and current information on beneficial owners, including details of the nature of their control and underlying economic interests. Additionally, Article 16(a)(b)(c)(d) of Decree-Law No. 1/2024 mandates legal entities to submit beneficial ownership declarations within 90 days of the regulation's publication; at the time of incorporation, annually in the month of incorporation and within 30 days of any change in beneficial ownership information to the Register of Legal Entities as inferred from Article 5 of Decree-Law No. 1/2024. Furthermore, Article 6 of the same decree assigns a unique identification number to each registered entity, ensuring efficient tracking and accessibility of information. However, since there is no obligation for trustees to hold basic information on other regulated agents or service providers to the trust, such as investment advisors, managers, accountants or tax advisors, there is no obligation to keep this information up to date *hence c.25.2 is considered Mostly Met*.
52. **The MER rated c.25.3 as 'Not Applicable'**. Article 34(1) of AML Law No. 14/2023 now mandates trustees to provide all relevant information including accurate and current details on directors, founders, and beneficial owners, as well as the nature of control and economic interests when establishing business relationships; effectively disclosing their status. This obligation also stands when the trustees are carrying out occasional transactions above 900,000 Meticaís which is the threshold set for occasional transactions under Article 15(1)(b)(i) of the same legislative framework. Therefore, *c.25.3 is considered Met*.
53. **The MER rated c.25.4 as 'Not Applicable'**. Under Article 34(1) and (2) of AML Law No. 14/2023, trustees are now required to provide competent authorities, financial institutions, and DNFBPs with accurate and current information on the directors, founders, and beneficial owners of the trust. They must also provide details of the nature of control, economic interests, and assets held or to be managed under the terms of the business relationship *hence c.25.4 is considered Met*.

54. **The MER rated c.25.5 as 'Partly Met'** since there were no legal requirements for Trust or Company Service Providers (TCSPs) to obtain and provide key information, such as identifying and verifying beneficial owners, determining their residence, or detailing assets held or managed. Mozambique's legal framework now ensures that competent authorities, including law enforcement authorities, have all necessary powers to obtain timely access to information on the beneficial ownership and control of trusts. (a) Article 35(a) of Law No. 14/2023, of August 28 provides that competent authorities can access information held by administrators, third parties, financial institutions, and non-financial institutions regarding the beneficial owners of trusts. Additionally, Article 12 of Law No. 2/2017 (SERNIC Law), grants law enforcement authorities the powers needed to obtain such information. (b) Mozambique vide Article 35(c) of Law No. 14/2023, of August 28 ensures that competent authorities, including law enforcement authorities, have timely access to information on the residence of trustees by requiring administrators, financial institutions, and non-financial institutions to make this information available to competent authorities. The SERNIC Law empowers law enforcement authorities to obtain such information during investigations. (c) Mozambique also ensures that competent authorities, including law enforcement authorities, have timely access to information on any assets held or managed by financial institutions or DNFBPs in relation to trustees with whom they have a business relationship or conduct occasional transactions. Article 35(d) of Law No. 14/2023, of August 28, mandates that financial institutions and non-financial institutions provide this information to competent authorities. *Therefore, c.25.5 is considered Met.*
55. **The MER rated c.25.6 as 'Not Applicable'.** Mozambique's current legal framework is silent on mechanisms for facilitating access by foreign competent authorities to basic Information held by Registries or other Domestic Authorities, *hence c.25.6(a) is Not Met.* Article 65(1) of AML Law No. 14/2023 mandates competent authorities (including GIFiM) to provide requested information to foreign counterparts making *c.25.6(b) a Met.* However, Article 35 of AML Law No. 14/2023 authorizes competent authorities, including law enforcement, to use investigative powers to obtain information on beneficial ownership, the control of trusts, the residence of trustees, and assets held or managed by financial institutions or DNFBPs making *c.25.6(c) to be considered Met. Overall, c.25.6 is considered Mostly Met.*
56. **The MER rated c.25.7 as 'Not Met'** as legal professionals and professional trustees providing trustee services were not obligated to maintain or provide trust information therefore, not sanctionable. Under Article 36 of AML Law No. 14/2023, competent authorities are now mandated to ensure that trustees (or directors of unincorporated entities) are (a) legally liable for fulfilling their duties and obligations. Additionally, Articles 80 and 81 of AML Law No. 14/2023 establish (b) proportionate and dissuasive sanctions for non-compliance in the form of Fines ranging from 600,000 to 6 million Meticaais for collective entities without legal personality, including trust funds, with increased penalties for serious

offenses as well as accessory measures, such as suspension or revocation of business activity licenses, disqualification from leadership roles, enhanced supervision, dissolution, and closure. *c.25.7 is now considered Met.*

57. **The MER rated c.25.8 as 'Not Met'** as Professional trustees had no obligation to maintain information collected therefore could not be sanctioned for failure to grant competent authorities' timely access to such information. Currently, Article 79(1)(j) of AML Law No. 14/2023 specifies that non-compliance with obligations related to trusts constitutes a contravention, punishable under Articles 80 and 81. The sanctions include fines ranging from 600,000 to 6 million Meticaís for legal entities without personality, including trusts and accessory measures for serious offenses, such as enhanced supervision, disqualification, suspension, or dissolution of offending entities. *Consequently, c.25.8 is now considered Met.*

Weighting and conclusion

58. **In its Second Round MER, Mozambique was rated Non-Compliant (NC) with the requirements of Recommendation 25.** Mozambique's legal framework now mandates trustees to maintain accurate and up-to-date beneficial ownership information, disclose their status, and provide timely access to competent authorities. Proportionate and dissuasive sanctions are in place to deter non-compliance. However, the framework remains deficient in facilitating international cooperation and the exchange of domestically available trust-related information with foreign competent authorities.
Based on the above, reviewers recommend a re-rating of Recommendation 25, from Non-Compliant to Largely Compliant.

3.1.6 Recommendation 26 – Regulation and supervision of financial institutions (Originally rated NC – Re-rated to C)

59. **Under its Second Round MER conducted in 2021; Mozambique was rated non-compliant with the requirements of Recommendation 26** due to the lack of criminal record checks by ISSM for financial institution officers applying for licenses and the absence of risk-based supervision and monitoring by supervisory authorities in Mozambique.
60. **The MER rated c.26.1 as 'Partly Met'** as Article 27 of AML Law No. 14/2013, which designated supervisory authorities for financial institutions, insurance, and other entities did not extend their responsibilities to cover terrorist financing. The deficiency has since been remedied by Article 55(a and b) of Law No. 14/2023 designates supervisory authorities responsible for regulating and supervising financial institutions' compliance with AML/CFT requirements in Mozambique. The Bank of Mozambique supervises credit institutions, financial companies, micro-finance operators, and virtual asset service providers, while the Insurance Supervision Institute of Mozambique oversees insurers, reinsurers, pension fund management companies, insurance intermediaries, and related

entities. The previous deficiency under AML Law No. 14/2013, where supervision did not explicitly cover terrorist financing, has been remedied by Article 56(1) which requires supervisory authorities to ensure compliance by financial institutions and non-financial entities with the legal measures to prevent and combat money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction. *Hence, c.26.1 is now Met.*

61. **The MER rated c.26.2 as 'Mostly Met'** as MVTs providers and mobile money operators, were operating under broader categories without the same stringent licensing and supervision standards as the Core Principle institutions such as banks, insurers, and securities market players. This has now been remedied by Law No. 20/2020 which establishes the legal framework for the regulation, licensing, supervision, and operation of credit institutions and financial companies in Mozambique. Specifically, Article 6 lists the types of financial companies including credit institutions, payment service providers, and MVTs operators that are subject to licensing, regulation and supervision by the Banco de Moçambique (BoM). Additionally, Article 61 of Law No. 14/2023 prohibits shell banks, bars financial institutions from forming correspondent relationships with them, and requires reporting such relationships to GIFiM and supervisory authorities *hence, c.26.2 is now Met.*
62. **The MER rated c.26.3 as 'Mostly Met'** because provisions for vetting management for criminal records under ISSM's licensing process, despite comprehensive fit-and-proper tests being conducted by BoM and ISSM for significant shareholders, directors, and senior management were lacking. This deficiency has been addressed vide Article 56(c) of Law No. 14/2023 which prevents criminals or associates from holding significant interests or management roles in financial institutions. BoM and ISSM can reject license applications based on concerns about fund legality, suitability, financial capacity, or criminal history, and both institutions assess key individuals for involvement in money laundering, terrorism financing, or economic crimes, *hence, c.26.3 is now Met.*
63. **The MER rated c.26.4 as 'Not Met'.** **c.26.4(a): This was rated Not Met in the MER** as AML/CFT considerations had not been integrated into prudential and consolidated supervision by BoM and ISSM in addition to the lack of a risk-based approach to AML/CFT supervision and monitoring. Mozambique has since addressed this deficiency by Articles 56(1) and 59 of Law No. 14/2023 which requires the BoM and ISSM to supervise institutions based on risk profiles, after incorporating AML/CFT obligations. BoM and ISSM are the designated supervisory authorities for financial institutions in Mozambique and are responsible for AML/CFT oversight under Law No. 14/2023. The legal framework mandates consolidated group supervision through risk-based oversight (Article 59), control over foreign branches and subsidiaries (Article 50(6)), and international supervisory cooperation (Article 67). It also establishes oversight responsibilities (Articles 55 and 56) and requires internal controls (Article 49). These provisions align with the BCBS, IAIS and IOSCO,

principles. *c.26.4(a) is now Met*. **c.26.4(b): This was rated 'Not Met' in the MER** as the aforementioned deficiency also applied to BoM's supervision regime for other FIs under BoM (MVTs, mobile money operators, bureau de changes, and micro finance institutions). Monitoring on a risk-sensitive basis had not been implemented. Mozambique has addressed this deficiency by extending AML/CFT regulation and supervision to all financial institutions, including MVTs, mobile money operators, foreign exchange offices, and microfinance institutions vide Article 2 of Law No. 14/2023 and Article 6 of Law No. 20/2020. Supervision is now risk-based, with systems for ongoing monitoring, regulatory controls, and enforcement to ensure compliance with AML/CFT requirements. *hence, c.26.4(b) is now Met*. *Overall, c.26.4 is now Met*.

64. **The MER rated c.26.5 as 'Not Met'** because Mozambique lacked a risk-based approach to supervision, with BoM and ISSM not tailoring the frequency and intensity of AML/CFT monitoring to identified ML/TF risks. **c.26.5(a):** Through Articles 59(1) and (2) of Law No. 14/2023, Mozambique has mandated a risk-based supervision for financial institutions, with supervision frequency and intensity determined by ML/TF/PF risk profiles. ISSM began implementing risk-based supervision in January 2024, guided by an approved Supervision Manual, *hence, c.26.5(a) is now Met*. **c.26.5(b):** Article 59(1)(a) of Law No. 14/2023 now requires supervisory authorities to consider national ML/TF risks when assessing financial institutions, *hence, c.26.5(b) is now Met*. **c.26.5(c):** Article 59(1)(c) of Law No. 14/2023 mandates supervisors to consider the diversity, size, and complexity of institutions when determining supervision intensity, which BoM and ISSM have implemented *hence, c.26.5(c) is now Met*. *Overall, c.26.5 is now Met*.
65. **The MER rated c.26.6 as 'Not Met'** because Supervisors in Mozambique did not regularly review ML/TF risk profiles of financial institutions or groups, nor did they reassess them following major events or operational changes. The deficiency has since been addressed vide Article 59(2) of Law No. 14/2023 which now requires supervisory authorities to periodically review ML/TF risk profiles of financial institutions or groups and reassess them after significant events or operational changes, *hence, c.26.6 is now Met*.

Weighting and conclusion

66. **In its Second Round MER, Mozambique was rated Non-Compliant (NC) with the requirements of Recommendation 26.** Mozambique has since established a framework for the regulation and supervision of financial institutions. Supervisory authorities, including the Bank of Mozambique (BoM) and the Insurance Supervision Institute of Mozambique (ISSM), are designated to ensure compliance with AML/CFT requirements across the financial sector. Licensing requirements cover all core financial institutions, prohibiting shell banks and preventing financial institutions from engaging in correspondent relationships with them. Mozambique applies a risk-based approach to the supervision of financial institutions, with supervisory authorities required to consider the risk profile,

policies, and internal controls of each institution. Supervisors also adjust the frequency and intensity of inspections based on the institution's risk profile. Mozambique addressed all deficiencies identified in the MER, 2021. **Based on the above, the reviewers recommend a re-rating of Rec.26 from Non-Compliant to Compliant Rating.**

3.1.7 Recommendation 27 – Powers of supervisors (Originally rated PC – Re-rated to C)

67. **Under its Second Round MER conducted in 2021; Mozambique was rated partially-compliant with the requirements of Recommendation 27** due to the inconsistencies between Articles 27 and 29, where Article 27 limited supervisors' powers to AML supervision, while Article 29 expanded their authority to include CFT supervision.
68. **The MER rated c.27.1 as 'Partly Met'** because, Article 27 of AML Law No. 14/2013 granted BoM and ISSM the authority to supervise FIs for AML compliance but did not include CFT supervision, creating a contradiction with Article 29, which extended supervisory powers to cover CFT. This has since been addressed vide Law No. 14/2023 which mandates supervisory authorities under Article 56(1) to oversee compliance with AML, CFT, and PF obligations for financial and non-financial entities, *hence, c.27.1 is now Met.*
69. **The MER rated c.27.2 as 'Partly Met'** because supervisors' authority under Article 27 of the AML Law was limited to conducting AML inspections. This has since been addressed vide Article 55 of Law No. 14/2023 which now grants supervisory authorities the power to conduct inspections of financial institutions to ensure compliance with AML/CFT/CPF obligations, *hence, c.27.2 is now Met.*
70. **The MER rated c.27.3 as 'Partly Met'** because whereas Article 17 granted supervisors access to information, financial institutions were not required to maintain records of account files, business correspondence, or analysis results, limiting the scope of accessible information. Financial institutions are now required to maintain records of account files, business correspondence, and analysis results, expanding the scope of information accessible to supervisors. This deficiency is now addressed, *hence, c.27.3 is Met.*
71. **The MER rated c.27.4 as 'Partly Met'** because whereas Supervisors can impose various sanctions, including administrative penalties, license restrictions, fines, and management prohibitions, under AML Law No. 14/2013, there are no administrative sanctions for violations of Targeted Financial Sanctions (TFS). This has since been remedied vide Articles 80-81 of Law No. 14/2023 which empower supervisory authorities to impose proportionate and dissuasive sanctions, including fines and license suspensions, for AML/CFT violations. Additionally, Articles 20 of Law No. 14/2023 and 117 of Notice No. 10/GBM/2024 address UNSCR obligations by requiring measures such as asset freezing and enhanced cooperation with authorities, *hence, c.27.4 is now Met.*

Weighting and conclusion

72. **In its Second Round MER, Mozambique was rated Partially Compliant (PC) with the requirements of Recommendation 27.** With the enactment of Law No. 14/2023, supervisory authorities, including the Bank of Mozambique (BoM) and the Insurance Supervision Institute of Mozambique (ISSM), have the mandate to ensure compliance with AML, CFT, and PF obligations. Supervisory authorities possess a range of powers, including the authority to conduct on-site and off-site inspections, compel production of information necessary for monitoring compliance with AML/CFT/CPF requirements and imposing proportionate and dissuasive sanctions for non-compliance. Mozambique has also taken steps to ensure compliance with UNSCR obligations, including the freezing and blocking of assets related to designated persons or entities. Additionally, financial institutions are now required to maintain records of account files, business correspondence, or analysis results, expanding the scope of information accessible to supervisors. **Based on the above, the reviewers recommend a re-rating of Rec.27 from Partially Compliant to Compliant Rating.**

3.1.8 Recommendation 30 – Responsibilities of law enforcement and investigative authorities. (Originally rated PC – Re-rated to C)

73. **In the June 2021 MER, it rated criterion 30.1 as 'Met.'** Under (Art. 6(b) and (7)(1) (k)(l) of Law no. 2/2017), the submissions' status quo remains the same in terms of the designated authorities to investigate. There is no change to the legislative framework. *Consequently, criterion 30.1 is considered to remain Met.*
74. **The June 2021 MER rated criterion 30.2 as 'Met.'** Under Articles 6 and 7 of Law No. 2/2017, the status quo remains the same in terms of the designated authorities to investigate. There is no change to the legislative framework. *Therefore, c30.2 is considered to remain Met.*
75. **The June 2021 MER rated criterion 30.3 as 'Mostly Met.'** Mozambique has designated a competent authority/(ies) and legal basis to expeditiously identify, trace and initiate freezing and seizure of criminal property. Under the newly provided provisions, Articles 101, 107, and 110 of Law No. 1/2022, along with Article 45(6) of Law No. 14/2023, establish measures to ensure the prompt and efficient implementation of investigations. *Hence, the rating for this criterion is Met.*
76. **The June 2021 MER rated criterion 30.4 as 'Not Met.'** The main deficiency related to the mandate to investigate ML and TF, in that it was not extended to stakeholder competent authorities, and it was strictly restricted to SERNIC (Art. 7 of Law 2/2017). Mozambique provides for this under Article 82 and 96 of law No. 1/2022 of January 12, which gives the mandate to the Central Office for Combating Corruption and the Central Office for Combating Transnational Organized Crime respectively, to pursue financial investigations

of predicate offences to the extent that these competent authorities exercise functions covered under R.30. *Hence, the rating for this criterion is considered Met.*

77. **The June 2021 MER rated criterion 30.5 as 'Met.'** The ACB, which was the anti-corruption agency, was also designated to investigate ML/TF offences (Art 80(g) of Law No. 4/2017) linked to corruption and being composed of public prosecutors, has the power to initiate freezing and seizing of assets pursuant to the AML Law. There is no change to the legislative framework. *Hence, the criterion remains Met.*

Weighting and conclusion

78. Mozambique has addressed most of the deficiencies identified in the 2021 MER, wherein a competent authority is designated to undertake expeditious investigations for freezing and seizing of criminal property. **Based on the above, the reviewers recommend a re-rating of Rec.30 from Partially Compliant to Compliant Rating.**

V. CONCLUSION

79. The Republic of Mozambique has made progress in addressing some of the Technical Compliance deficiencies identified in its MER. Reviewers considered information provided in support of the request for re-rating of Recommendations 16, 22, 23, 24, 25, 26, 27, 30 and made the following conclusions:
- Upgrade the ratings for Recommendation 23, 26, 27 and 30 from PC to C
 - Upgrade the ratings for Recommendation 25 from NC to LC
 - Upgrade the ratings for Recommendation 16 and 22 from PC to LC
 - Upgrade the ratings for Recommendation 24 from NC to PC
80. Considering the overall progress made by the Republic of Mozambique since the adoption of its MER, its Technical Compliance with the FATF Recommendations has been revised as shown in Table 4.1.

Table 2.1 Technical Compliance Re-rating, March /April 2025

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

81. Mozambique 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.