Anti-Money Laundering and Counter-Terrorist Financing Measures

SEYCHELLES

12th Enhanced Follow Up Report and 5th Technical Compliance Re-rating

August 2025

Follow - Up Report

The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) was officially established in 1999 in Arusha, Tanzania through a Memorandum of Understanding (MOU). As at the date of this Report, ESAAMLG membership comprises 22 countries and also includes a number of regional and international observers such as AfDB, COMESA, Commonwealth Secretariat, East African Community, Egmont Group of Financial Intelligence Units, FATF, GIZ, IMF, SADC, United Kingdom, United Nations, UNODC, United States of America, World Bank and World Customs Organization.

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

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SEYCHELLES: 12TH ENHANCED FOLLOW UP REPORT & 5TH REQUEST FOR RE-RATING

I. INTRODUCTION

1. The Seychelles AML/ CFT framework was assessed against the FATF 2013 Methodology and the 2012 FATF Recommendations in the Second Round of Mutual Evaluations conducted by ESAAMLG. The Mutual Evaluation Report (MER) was adopted by the ESAAMLG Council of Ministers in September 2018. According to the MER, Seychelles was Compliant (C) on 10 Recommendations, Largely Compliant (LC) on 10 Recommendations, Partially Compliant (PC) on 16 Recommendations and Non-Compliant (NC) on 4 Recommendations. Out of the 11 Immediate Outcomes (IOs), Seychelles was rated Moderate Level of Effectiveness on one (1) IO and Low Level of Effectiveness on 10 IOs. Details of the MER ratings are provided in Table 1.1. This follow-up report assesses the progress made by Seychelles to resolve the technical compliance shortcomings identified in its MER. In general, countries are expected to have corrected most or all their technical compliance shortcomings by the end of the third year of follow-up at the latest. This report does not cover the progress made by Seychelles in improving its effectiveness. Progress in this area will be assessed as part of a subsequent follow-up assessment. If sufficient progress has been made, the Immediate Outcome ratings may be reviewed.
2. This follow-up report assesses the progress made by Seychelles to address the technical compliance deficiencies identified in its MER. New Technical Compliance (TC) re-ratings are given where sufficient progress has been made. The report does not cover the progress made by Seychelles in improving its effectiveness.
3. The following experts (assisted by Mofokeng Ramakhala, Kgomotsego Mooketsi, Edgar Mutebi and Tirivafi Nhundu (from the Secretariat) assessed Seychelles' request for TC re-ratings and prepared its follow up report:

- Zenobia Barry (Namibia)
- Vilho Nkandi (Namibia)
- Susan Mangori (Botswana)
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- Minervina inglês Lopes (Angola)
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4. Sec III of this report summarises the progress made by Seychelles on technical compliance. Sec IV sets out conclusions and contains a table of Recommendations for which a new rating has been given.

II. KEY FINDINGS OF THE MUTUAL EVALUATION REPORT

5. The Mutual Evaluation Report (MER) of Seychelles was adopted by the ESAAMLG Council of Ministers in September 2018. The MER ratings for Seychelles are set out in Table 1.1 Given these results, Seychelles was placed in the enhanced follow-up process.

Table 1.1. Technical compliance ratings[5] September 2018

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

III. OVERVIEW OF SEYCHELLE'S PROGRESS

6. Since the adoption of its MER in September 2018, Seychelles has taken measures aimed at addressing the technical compliance deficiencies identified in its MER. As a result of this progress, 1 Rec was re-rated (upgraded) to C, 4 Recs were re-rated (upgraded) to LC while 1 Rec was re-rated (PC) as highlighted in the Table 1.2 below:

Table. 1.2 Technical Compliance – September 2021

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

7. In April 2023 Seychelles was re-rated on Recs 5,19,25, 28 and 34 where Seychelles progressed from PC to LC for Recs 5, 25 and 34; and progressed from PC to C for Recs 19 and 28. Seychelles submitted re-rating requests for Recs 6,7,15, and 33 as well, but was not re-rated during that cycle.

8. In 2024 Seychelles addressed all deficiencies noted for Rec 4 and was re-rated from PC to C, addressed some deficiencies noted in Rec 8 and was re-rated from NC to PC. Reviewers considered progress made for Rec 6 and 7 but concluded that not all deficiencies were addressed and maintained the rating PC for both Rec 6 and 7. Recs 15 and 33 were not submitted for re-rating. Table 1.3 shows Seychelles technical compliance as of April 2024.

Table 1.3: Seychelles Technical Compliance Re-Rating, April 2024

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

3.1.1 Recommendation 6 – Targeted Financial Sanctions Related to Terrorism and Terrorist Financing (Originally rated PC- Proposed rating to be maintained at PC)

	Year	Rating
MER	**2018**	PC
FUR 1	**2021**	PC
FUR 2	**2024**	PC
FUR 3	**2025**	PC

9. Under its Second Round MER, Seychelles was assessed on the requirements of Recommendation 6 based on Prevention of Terrorism Act, 2004 and Prevention of Terrorism Regulations 2015. The deficiencies were that there was no evidentiary standard of proof of reasonable grounds provided for in the law. The law did not provide for procedures and standard forms for listing as adopted by the relevant committee. There was no legal basis for providing as much relevant information as possible on the proposed name for designation. There was no legal basis for the competent authority to collect or solicit information, to identify persons and entities that meet the criteria for designation. Further, there were no legal provisions requiring competent authorities to operate ex-parte against any person or entity who has been identified and whose designation is under consideration. The obligation to

freeze without delay did not extend to all funds or other assets that are owned or controlled by the designated person and individual terrorist. Further, it did not extend to jointly owned property. The Recommendation was rated PC. Seychelles has amended the PTA and the Regulations in 2021 and 2023 respectively. Criteria c.6.4, was rated mostly met while c.6.6 and c.6.7 were rated met in the MER.

10. **Criteria c.6.1, C6.2 and c.6.3** were rated **Met** in April 2024 FUR & Re-Rating and the legal basis has not changed.

11. **Criterion 6.4 (Partly Met):** The 2018 MER and April 2024 FUR it was established that Seychelles does not implement targeted financial sanctions without delay to comply with UNSCRs 1267/1989 (Al-Qaida) and 1988. Hence c6.4 was rated Not Met.

12. Subsequent to the 2018 MER, changes were made to the regulations implementing targeted financial sanctions. Reviewers noted however, that Seychelles does not implement targeted financial sanctions within a matter of hours of a designation by the United Nations Security Council or its relevant Sanctions Committee for designations under the 1267 Committee, and the 1988 Committee. This is because, Seychelles' law is silent on what triggers the freezing obligations once a person or entity is designated by the UNSC relevant Sanctions Committee. Rather, the FIU accesses the UNSC website on every calendar day for any designation by the relevant UNSC Consolidated List [Regulation 8(1) of the Prevention of Terrorism (Implementation of United Nations Security Council Resolutions, Regulations as amended in 2025)]. Further, although, Seychelles indicates that Regulation 8 provides that whenever the FIU receives an update from the UNSC website, it "shall immediately disseminate an order to freeze", Reviewers consider this a mere communication of the UNSC designation, since the Regulations do not specify in clear terms which competent authority is empowered to issue such freezing order, which would in turn, be disseminated by the FIU to obligated entities mentioned in the above regulation. Based on the forgoing analysis, the implementation of the targeted financial sanctions in Seychelles is not in line with the requirements of criterion 6.4 in respect of the 1267 and the 1988 Sanctions Committees.

13. On the other hand, the process to implement measures under 1373, in Seychelles is to the effect that, once the Minister has issued an order declaring an entity to be a specified entity under Section 3 of the Act and the order is published in the Gazette, the National Committee on Counter Terrorism updates the Seychelles list [11(3) of the Regulation]. Once again, the issuing of an order does not automatically trigger instant implementation of the targeted financial sanctions and there is no guarantee

that the obligation can be implanted within 24 hours of the order being issued by the Minister. ***Therefore, criterion 6.4 is re-rated Partly Met.***

14. **Criterion 6.5 (a) (Met)** The last FURs of Seychelles had re-rated c.6.5(a) as mostly met, because of the deficiency which related to c.6.4 where the obligation to implement targeted financial sanctions was determined not to be without delay. Reviewers have since noted that all natural and non-natural persons within Seychelles are required to (within 24 hours and without prior notice) freeze the property of a terrorist or a terrorist group or a designated individual or entity [section 20D (2) of Prevention of Terrorism Act 2015]. Furthermore, the process from the receipt of the list from UN to freezing of funds by the FIs, DNFBPs and other person is required to take place withing 24 hours. [regulation 14(6) of the PT(UNSCRST) (Amendment) Regulations, 2025]. ***Hence, 6.5(a) is re-rated Met.***

15. **Criterion 6**.*5(*b) – (f) were rated Met in the 10th FUR and 4th FUR with request for re-rating, April 2024. The legal basis has not changed to subject the sub-criteria for review. *The overall rating for c.6.5 is Met*.

16. **Criteria c.6.6 and c.6.7** were rated Met in the MER and the legal basis has not changed.

Overall Conclusion and Weighting

17. Seychelles has made improvements to the legal framework for targeted financial sanctions related to Terrorism and Terrorist Financing (Rec 6) since the last MER. The necessary laws, procedures, and compliance mechanisms are now fully in place. However, deficiencies in c.6.4, affects the implementation of measures without delay as defined in the FATF glossary and therefore weigh heavily on the overall rating of Recommendation 6. The Reviewers recommend that the PC rating for Recommendation 6 should be maintained.

3.1.2 Recommendation 7 – Targeted Financial Sanctions Related to Proliferation (Originally rated NC–Proposed re-rating to PC)

	Year	Rating
MER	**2018**	NC
FUR 1	**2021**	PC
FUR 2	**2024**	PC
FUR 3	**2025**	PC

18. The deficiencies that were noted in respect of Recommendation 7 in the 2nd Round MER were that there were no measures for implementation of targeted financial sanctions relating to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing. Seychelles amended the PTA in 2021 to provide for Proliferation Financing and has promulgated PF Regulations in the same year

19. **Criterion 7.1: (Partly *Met*).** In the MER 2018 it was established that Seychelles does not implement targeted financial sanctions without delay to comply with UNSCRs adopted under Chapter VII of the Charter of the United Nations, relating to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing. Hence c.7.1 was rated Not Met.

20. Subsequent to the 2018 MER, changes were made to the regulations implementing targeted financial sanctions. Reviewers noted however, that Seychelles does not implement targeted financial sanctions within a matter of hours of a designation under the United Nations Security Council resolutions relating to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing. This is because, Seychelles' law is silent on what triggers the freezing obligations once a person or entity is designated by the UNSC relevant Sanctions Committee. Rather, the FIU accesses the UNSC website on every calendar day for any designation by the relevant UNSC Consolidated List [Regulation 8(1) of the Prevention of Terrorism (Implementation of United Nations Security Council Resolutions, Regulations as amended in 2025)]. Further, although, Seychelles indicates that Regulation 8 provides that whenever the FIU receives an update from the UNSC website, it "shall immediately disseminate an order to freeze", Reviewers consider this a mere communication of the UNSC designation, since the Regulations do not specify in clear terms which competent authority is empowered to issue such freezing order, which would in turn, be disseminated by the FIU to obligated entities mentioned in the above regulation. Based on the forgoing analysis, the implementation of the targeted financial sanctions in Seychelles is not in line with the requirements of criterion 7.1 in respect of the 1718 Sanctions Committees. ***Hence c.7.1 is Re-rated Partly Met.***

21. **Criterion 7.2 *(a-f)*: *(Met)*.** Were rated Met in the April 2024 FUR & Re-Rating, and the legal basis has not changed. ***Maintain the rating as Met***

All sub-criteria of c7.2 are addressed. ***Hence c. 7.2 remains Met.***

22. **Criterion 7.3: *(Met*).** FIs and DNFBPs must comply and report compliance. Non-compliance attracts criminal and administrative sanctions. Regulation 24 of PT(UNSCRST) Regulations 2015 empowers supervisory authorities of the respective reporting entity or other entity to impose administrative sanctions provided under the AML/CFT Act.***Hence c.7.3 remains Met.***

23. **Criterion 7.4(a)-(d): *(Met*).** Seychelles has mechanisms for reviewing, delisting, and handling mistaken identity cases. Processes are in place to expedite delisting and notify affected parties to lift asset freezes accordingly. There have been no changes in the legal framework relevant to this criterion since the last MER or the subsequent FUR for any of the ratings that have been maintained. ***Hence c. 7.4 (a)-(d) remains Met.***

24. **Criterion 7.5(a)-(b):** (*Met*). Provisions allow for the freezing of accrued interests and regulate payments under pre-existing contracts, ensuring such transactions do not benefit sanctioned persons or entities. ***Hence c.7.5 (a)-(d) remains Met.***

Overall Conclusion and Weighting

25. Seychelles has substantially strengthened its legal and regulatory framework for targeted financial sanctions related to proliferation financing (Rec 7) since the last MER. The necessary laws, procedures, and compliance mechanisms are now fully in place. However, the implementation of the obligation to implement targeted financial sanctions does not take effect in the Seychelles upon designation by a relevant United Nations Sanctions Committee. The deficiency impacts on the overall rating of Recommendation 7. The Reviewers recommend that PC rating for Recommendation 7 be retained.

3.1.3 *Recommendation 8 – Non-Profit Organisations (NPOs) (Originally rated PC–Maintain rating as LC)*

	Year	Rating
MER	**2018**	NC
FUR 1	**2021**	NC
FUR 2	**2024**	PC
FUR 3	**2025**	LC

26. The deficiencies noted in relation to Recommendation 8 in the 2nd Round MER were; there were no outreach activities and review of legal and regulatory framework. Seychelles had not conducted risk assessment to identify high risk NPOs for

monitoring purposes. There were no measures to ensure effective cooperation, coordination and information sharing among authorities. Seychelles has reviewed the Associations Act in 2022 and has carried out a TF Risk Assessment in 2023.

27. **Criterion 8.1 (*Partly Met*)**. The MER and the FUR April 2024 rated this criterion Partly Met. This is because of the deficiencies identified in c.8.1.(c-d) was the lack of clear demonstration that measures in the Associations Act, 2022 are adequate, proportionate, and effective in addressing terrorist financing risks within the NPO sector.

28. **Criteria 8.1 (a) and Criteria c.8.1(b**) were rated Met in the April 2024 FUR & Re-Rating and the legal basis has not changed. ***Therefore, c.8.1 (a) and c.8.1 (b) remains Met.***

29. **Criterion 8.1 (c): (Met).** In the MER 2018 and the FUR April 2024 it was noted that, Seychelles enacted a new Associations Act, 2022 that incorporated measures for NPOs related to promoting accountability, integrity, and public confidence. However, it was not clear whether such measures provided under the act are adequate to be able to take proportionate and effective actions to address the risk in the sector. Further, the Regulations under the Act have not been reviewed. In the period under review, Seychelles has provided practical evidence of the application of these measures in relation to higher-risk NPOs. Taking into account the cumulative measures in place including the enactment of the Associations Act 2022, the mandatory registration requirements, and the risk-based oversight exercised by both the Registrar and the FIU, the existing framework is, on balance, sufficient to enable proportionate and effective action in line with the sector's identified low TF risk. ***Accordingly, c.8.1 (c) is re-rated Met.***

30. **Criterion 8.1 (d):(*Partly Met)*** In the MER 2018 and the FUR April 2024 it was noted that, although Seychelles conducted the TFRA in 2023, which included a review of the NPO sector, there is no legal requirement or action plan or strategy for the NPO regulator to periodically reassess the sector by reviewing new information on the sector's potential vulnerabilities to terrorist activities to ensure effective implementation of measures. Hence c.8.1(d) was rated Not Met. National AML/CFT Committee (NAC) in Seychelles is responsible for conducting national risk assessments on money laundering (ML), terrorist financing (TF), and proliferation financing (PF), including periodic updates as per Regulation 3(1) of the Anti-Money Laundering/Countering the Financing of Terrorism (National Risk Assessment) Regs, 2022. These Regulations mandate a full risk assessment at least every four years, with flexibility for earlier reassessments if needed pursuant to Regulation 3(2)

of the same Act. The NAC has a clear policy ensuring continuous evolution of Non-Profit Organization (NPO) risk assessments to reflect new evidence and changing circumstances. This reassessment policy outlines specific triggers for initiating full re-assessments, such as significant changes in the assessed TF risk to NPOs, changes in the overall TF threat, or NPO involvement in TF incidents. Partial re-assessments can be triggered by significant changes in the legal or regulatory framework, material TF incidents related to risk factors, or official re-evaluations of particular risk factors. Since the last full assessment in 2023, no changes, circumstances, or incidents have occurred that necessitate either a full or partial re-assessment. This framework provides a legal and policy basis for Seychelles to reassess the NPO periodically by reviewing new information on potential TF vulnerabilities. Regulation 3 of the Anti-Money Laundering/Countering the Financing of Terrorism National Risk Assessment Regs, 2022, and an endorsed NPO Reassessment Policy outline the triggers and procedures for full or partial reassessments, including changes in risk exposure, legal amendments or incidents involving TF.

31. However, while the framework is sound, there is no documentation demonstrating how this reassessment mechanism has been applied since the last full TFRA in 2023. Although it is reasonable that no new full or partial reassessment has been conducted within just one year of the last comprehensive assessment, the lack of evidence of interim monitoring activities such as sectoral analysis, updates based on emerging information or recorded review processes means that the operationalization of the framework cannot yet be fully confirmed. Accordingly, while the existence of a formal reassessment policy and its legal underpinnings addresses a major gap identified in the MER and FUR, the absence of evidence showing its initial implementation ***supports c.8. (d) re-rating to Partly Met.***

32. Based on the above analysis, the shortcomings are considered moderate as some sub-criteria are partly met. ***Hence, the overall rating for c.8.1 remains Partly Met.***

33. **Criterion 8.2 (*Met*).** The MER and the FUR April 2024 rated this criterion Partly Met. This is because of the deficiencies identified in c8.2(b and d)

34. **Criterion 8. 2 (a):(*Met*).** Criteria c.8.2 (a) was rated Met in the April 2024 FUR & Re-Rating and the legal basis has not changed. ***Therefore, c.8.2 (a) remains Met.***

35. **Criteria 8.2 (b): (*Met*).** In the MER 2018 and the FUR April 2024 it was noted that Seychelles has undertaken some outreach programs to deepen awareness among NPOs about the potential vulnerabilities of TF abuse. However, the extent of those

programs does not appear adequate and does not appear to cover all NPOs identified as being at risk of TF abuse. It also appears to cover only the sensitization as regards the new law. Further the donor community was not part of the outreach and education programs and there is no evidence to suggest that measures to protect NPOs against TF abuse were part of the sessions. Hence c.8.2(b) was rated **Not Met**. Since then, Seychelles has strengthened its outreach and educational initiatives. A total of 51 targeted sessions were conducted, targeting a range of stakeholders including government entities, NPOs, and donors. These outreach activities were guided by the findings of the 2023 TF risk assessment. The sessions focused on raising awareness about TF risk assessments and vulnerabilities, especially among high risk NPOs such as religious associations including educational resources on the FIU website. The country has actively undertaken and encouraged outreach to both NPOs and donors and has addressed TF vulnerabilities and protection strategies through public materials and direct engagements. ***Therefore, c8.2(b) is re-rated Met.***

36. **Criterion 8.2 (c):(*Met*).** Criteria c.8.2 (c) was rated Met in the April 2024 FUR & Re-Rating and the legal basis has not changed. ***Therefore, c.8.2 (c) remains Met.***

37. **Criterion 8.2 (d): (*Met*).** In the MER 2018 and the FUR April 2024 it was noted, under Section 28(1) of the Association Act, NPOs are required to open and maintain a bank account into which all monies received by the association shall be deposited. However, the authorities have not shown or provided any evidence to show that they do encourage the NPOs to conduct transactions via regulated financial channels, wherever feasible, keeping in mind the varying capacities of financial sectors in Seychelles and in different areas of urgent charitable and humanitarian concerns. Hencec.8.2(d) was rated Partly Met. Subsequent to the MER 2018, Seychelles encouraged NPOs to use regulated financial channels, mandating bank accounts for registered associations under the Associations Act, 2022 (Sec 28(1)). A sector specific guide reinforces this. In 2024, the FIU and CBS collaborated with local banks to facilitate NPO account opening. Currently, 106 out of 173 FATF defined NPOs have active bank accounts, indicating increasing financial transparency. ***Therefore, c8.2(d) is re-rated Met.***

38. Based on the above analysis, ***the overall c.8.2 is re-rated Met***.

39. **Criterion 8.3: (*Met*):** In the MER 2018 and the FUR April 2024 it was noted, Seychelles has not shown that it has taken steps to promote effective supervision or monitoring such that they are able to demonstrate that risk-based measures apply to NPOs at

risk of terrorist financing abuse. Hence, c.8.3 was rated as **Not Met**. Seychelles now employs risk-based supervision and monitoring of NPOs, deemed sufficient given the assessed low TF risk, consistent with FATF methodology. The Registrar of Associations continuously oversees NPOs through reviewing financial and operational documents (annual returns, audited accounts), providing guidance, and collecting information on their activities, officers, and founders via application forms and reporting requirements (Associations Act 2022, Secs 3 & 15). This includes identifying new FATF-defined NPOs, and the assessment is periodically reviewed. To further facilitate supervision, Sec 31(2)) of the Associations Act, 2022 mandates NPOs to retain financial records and member information for at least seven years. Additionally, Sec 5 of the Beneficial Ownership Act 2020 requires associations to maintain a register of beneficial owners, which is uploaded to the FIU's database, with the FIU monitoring compliance. The FIU has conducted awareness sessions and issued non-compliance notices and financial penalties to 159 NPOs to improve compliance. While no NPOs are currently designated high-risk based on the TF Risk Assessment, the AML/CFT Act (Sec 27(n)) empowers the FIU to supervise such entities, and a supervisory framework is being developed. The FIU has also commenced its institutional risk assessment of all registered NPOs.

40. Furthermore, the country has a legal and institutional framework for a risk-based AML/CFT approach in the NPO sector. Sec 32(1) of the AML/CFT Act mandates risk assessment by reporting entities, and Regulation 19 of the Prevention of Terrorism Regs allows for designating vulnerable NPOs. A proposed NPO Risk Assessment Matrix aims to integrate ML/TF risk evaluation into the Registrar of Associations' procedures, categorizing NPOs based on risk indicators. Seychelles explained how it applies risk-based supervision and monitoring of NPOs. It described the tools in place, such as offsite reviews, the use of a risk matrix, and powers to carry out on-site inspections. These actions are linked to the country’s assessment that the risk of terrorist financing (TF) in the NPO sector is low, and to the FATF principle that measures should be proportionate to the level of risk. The activities specifically focus on the NPO sector, including those considered more vulnerable. Therefore 8.3 is considered Met. ***Therefore c.8.3 is re-rated as Met.***

41. **Criterion 8.4 (Met).** In the MER 2018 and the FUR April 2024 the deficiencies identified were that, the Registrar has not started monitoring the compliance of NPOs with the requirements of recommendation 8, and in particular, the risk-based measures outlined under c8.3. Hence c.8.4(a) was rated Not Met.

42. **Criterion 8.4 (a):(Met).** The Associations Act 2022 empowers the Registrar of Associations to examine records pursuant to Section 21(1), conduct on-site inspections (Section 21(2)), and issue guidelines (Section 36). Enforcement actions for violations (Section 40(1)) and administrative actions such as warnings and penalties, criminal proceedings, disqualification from executive positions and cancellation of registration (Section 40(4)). Section 45 of the Associations Act 2022 mandates NPO re-registration with compliance information, with non-compliant entities being struck off after a grace period. Additionally, the AML Act mandates the FIU to oversee high-risk NPO's with powers to categorize risk and apply appropriate oversight as covered under Section 3(6)) of the AML Act. ***Therefore c8.4(a) is re-rated Met.***

43. **Criterion 8.4 (b): (*Met*).** In the MER 2018 and the FUR April 2024 the deficiencies identified were that the offences under the Associations Act are not serious offences in Seychelles, it therefore means that the Registrar of Associations is not able to apply effective, proportionate and dissuasive sanctions for violations by NPOs or persons acting on behalf of these NPOs. Hence c.8.4(b) was rated Not Met. Seychelles has a range of sanctions for NPO violations under laws like the Associations Act 2022 (striking off, fines up to SCR 25,000, imprisonment up to six months, administrative penalties), AML/CFT Act 2020 (FIU administrative sanctions including activity restrictions, registration withdrawal recommendations, fines up to SCR 1,000,000), and the PTA Act (fines up to SCR 2,000,000 and imprisonment). While general criminal penalties under the Associations Act (up to 6 months imprisonment) might not universally meet the threshold for a "serious offence" for ML predicate purposes, the overall range of sanctions available is broad and includes highly dissuasive measures. ***Therefore, c.8.4 (b) is re-rated Met.***
44. **Criterion 8.5: (*Met*).** In the MER 2018 and the FUR April 2024 the deficiencies identified were that Seychelles does not have in place measures to ensure effective cooperation, coordination, and information sharing to the extent possible among all levels of appropriate authorities or organizations that hold relevant information on NPOs. It is not clear how the Registrar is able to share information with LEAs, FIU and other supervisory authorities. The Registrar of Associations has not signed any MOUs with any other appropriate authority. Hence, the rating was **Not Met**. Seychelles implemented a number of measures.

45. **Criterion 8.5 (a): (*Met*).** In its 2018 MER, Seychelles was rated Not Met on this sub-criterion for lacking NPO information-sharing mechanisms. The NAC and the Associations Act 2022 (Sect 37(1)) now enable cooperation, with MOUs between the Registrar and FIU, and other agencies. The National Anti-Money Laundering and Countering the Financing of Terrorism Committee (NAC) promotes collaboration

and information sharing among relevant authorities on NPOs. Composed of heads of key AML/CFT bodies, including the Registrar of Associations, the NAC discusses NPO-related risks and coordinates actions. The Associations Act 2022, passed based on NAC oversight, enhances NPO monitoring. The Registrar maintains a register and established MOUs for information sharing and cooperation, having agreements with the FIU, Revenue Commission, FSA, Licensing Authority, and National Sports Council. The FIU receives and analyzes TF information, including from NPOs, and maintains the Beneficial Ownership Database. The MOU between the Registrar and FIU facilitates extensive collaboration. ***Therefore c8,5(a) is re-rated Met.***

46. **Criterion 8.5 (b): (*Met*).** Seychelles has the expertise to investigate NPOs suspected of terrorism links, complying with Rec 31. The Registrar pursuant to Sections 20 & 21 of the Associations Act can conduct inquiries and request information. Matters can be referred to the specialized Financial Crimes Investigation Unit and the 15 officer Counter Terrorism Unit, staffed with multidisciplinary and trained officers. Therefore, the country's submission is noted. The country should provide clear examples of actual investigations or at least case simulations involving suspected NPO misuse. Furthermore, deliver sector-specific training to investigators and the registrar's office about typologies and indicators of NPO abuse for TF. Furthermore, for the registrar, operationalize their inquiry powers through documented inspections, proactive investigations, and formal referrals. The implementation of the Beneficial Ownership Act (2020) and associated training indicate that mechanisms are in place to collect and access beneficial ownership information for NPOs. These measures support the country in its role of implementing expertise. Despite some inconsistencies in the overall self-assessment and the stated NPO risk profile versus enforcement actions, the specific legal and procedural advancements for obtaining relevant information on NPOs are robust. ***Therefore c.8.5 (b) is re-rated Met.***

47. **Criterion 8.5 (c): (*Met*):** Seychelles has mechanisms ensuring access to relevant NPO administration and management information, including financial and programmatic details, during investigations. Legislation promotes NPO transparency with public access to this information (Sec 16, Association Act, 2022). The Financial Crimes Investigation Unit has full powers to request and access information related to TF investigations involving NPOs. Additionally, the Registrar of Associations has MOUs with various stakeholders (FIU, SRC, FSA, NSC, SLA) facilitating information exchange for investigations. The investigatory authorities possess robust powers and benefit from strong domestic coordination, enabling timely and comprehensive access to necessary information. Prior deficiencies in accessing NPO information and inter agency coordination during investigations have been addressed by Seychelles. The Associations Act, 2022 (Sec 16), grants broad access to NPO records, and the FCIU has clear information-gathering powers. Signed MOUs between the Registrar

and key agencies (FIU, FSA, SLA, SRC, NSC) formalize information sharing. Public access laws further enhance transparency. These measures establish a functional framework for competent authorities to fully and promptly access necessary NPO information for investigations, resolving 2018 MER issues. ***Therefore, c8.5c is re-rated Met***

48. **Criterion 8.5 (d) (*Met*).** Seychelles has mechanisms requiring reporting entities and competent authorities to report suspicions of NPO involvement in terrorism financing to the FIU under the AML/CFT Act, 2020. The FIU analyzes this information and provides intelligence to the FCIU for action. MOUs between authorities like the ROA, FIU, FSA, and SRC facilitate prompt information sharing for preventive or investigative actions concerning NPOs suspected of terrorism financing abuse, acting as fronts, being exploited, or concealing fund diversion for terrorist benefit. Section 48 of the AML/CFT Act (Cap. 251) designates the FIU as the National Center for receiving and analyzing ML/TF information, requiring reporting entities to submit STRs/SARs for suspected criminal activity, including TF. The Prevention of Terrorism Act (Cap. 179) also mandates disclosure of information related to terrorist acts and property. These provisions collectively establish a robust framework to enable preventive or investigative action. ***Therefore c8.5(d) is re-rated Met.***

49. **Based** on the above analysis, ***overall c.8.5 is re-rated Met.***

50. **Criterion 8.6: (*Partly Met*).** Seychelles has designated the FIU and the Registrar of Associations as the primary contact points for receiving and responding to international requests related to NPOs suspected of involvement in terrorist financing.
51. The FIU, empowered under Sec 29 of the AML/CFT Act 2020, shares information with its foreign counterparts through the Egmont Secure Web-ESW and has established internal procedures for handling such requests under Sec 27(1)(c). The Registrar of Associations, through its Compliance Section, handles requests for information in accordance with established Standard Operating Procedures and MOUs with competent national authorities. In addition, formal mutual legal assistance requests can be routed through the Department of Foreign Affairs, involving the Attorney General's Office, in line with international cooperation protocols. The Seychelles Police the INTERPOL Office and the Financial Crimes Investigation Unit also have mechanisms in place for handling cross-border TF-related inquiries. The legal framework under Secs 27 and 29 of the AML/CFT Act provides a basis for international information exchange on NPOs. While Seychelles has identified contact points and established some procedures (like the ROA's SOPs and the FIU's internal policies) and general frameworks for cooperation (MoUs), the overarching legal

framework (Acts and Regulations) does not explicitly detail mechanisms that guarantee the consistently prompt and prioritised execution of all types of international requests for information related to NPOs suspected of terrorist financing or other forms of terrorist support across all designated contact points. This creates a technical gap in the comprehensiveness and clarity of the legal mandate to ensure timely and prioritised responses for NPO related TF information across all relevant authorities. ***Therefore, c.8.6 remains Partly Met.***

Overall Conclusion and Weighting

52. Seychelles has addressed the deficiencies in c.8.2, c.8.3, and c.8.5. However, shortcomings remain in c.8.1(d), and c.8.6. particularly regarding the lack of evidence of applying its NPO TF risk reassessment framework since 2023 and has no explicit legal mechanisms ensuring consistent, prompt handling of all international NPO TF information requests across contact points. Given these minor deficiencies, the Reviewers recommend re-rating Recommendation 8 to LC.

3.1.4 *Recommendation 15 – New Technologies (Originally rated NC–Proposed rating- PC)*

	Year	Rating
MER	**2018**	NC
FUR 1	**2021**	NC
FUR 2	**2024**	NC
FUR 3	**2025**	↑PC

53. **Criterion 15.1: (Partly *Met*).** In the 2018 MER, Seychelles was rated Non-Compliant for Rec 15, due primarily to the absence of measures to identify and assess money laundering and terrorist financing (ML/TF) risks associated with new technologies. To address this gap, Seychelles completed the NRA in July 2022 focused specifically on virtual assets and virtual asset service providers. The assessment aimed to better understand the ML/TF risks linked to VA activities and VASP operations. The findings concluded that the sector posed a "Very High" risk, particularly due to unregulated activity within the non-bank financial institution sector, which serves as a key channel for VAs and VASPs. In response, Seychelles introduced a licensing regime and issued supervisory guidelines for VASPs. These measures represent important progress at the national level and have enhanced the legal and regulatory framework for managing risks in this emerging sector. In addition, they provided

evidence of institutional risk assessments. However, despite these developments, they did not demonstrate that they carried out sectoral risk assessments to determine which financial institutions are low, medium or high risk. ***Therefore c.15.1 is re-rated Partly Met.***

54. **Criterion 15.2 (a): (*Met*).** FIs are required to undertake risk assessment prior to the launch or use of such products, practices and technologies; and take appropriate measures to manage and mitigate the risks. Section 32 (1) of the Anti-Money Laundering and Countering the Financing of Terrorism Act; (AML/CFT) Institutional Risk Assessment Guidelines January 2025, The Virtual Assets Service Providers (VASP) License Application Guidelines September 2024). Financial institutions in Seychelles are required to conduct ML/TF risk assessments prior to the introduction of new products, business practices, or technologies under Sec 32(1) and 32(4) of the AML/CFT Act. This obligation is further reinforced through the AML/CFT Institutional Risk Assessment Guidelines (January 2025) and the VASPs License Application Guidelines (Sept 2024), which provide detailed methodologies for institutional risk assessments. ***Therefore, c.15.2 (a) is rated Met.***

55. **Criterion 15.2 (b): (*Met*).** Reporting entities are required to take appropriate measures to manage and mitigate the risks identified. (Section 32 (1) AML/CFT Act, 2020; AML/CFT IRA Guidelines issued by the FSA; The Virtual Assets Service Providers License Application Guidelines). ***Therefor c.15.2 (b) is re-rated Met.***

56. Based on the above analysis, all the shortcomings have been addressed, and consequently, the ***overall c.15.2 is re-rated Met.***

57. **Criterion 15.3: *(Partly Met*).** In September 2018 MER it was noted that there were no legal provisions to cover this criterion here it was rated Not Met.

58. **Criterion 15.3 (a): (*Met*).** Seychelles carried out a VA/VASP Overall National Risk Assessment (" ONRA") in July 2022, to identify and assess the money laundering and terrorist financing risks emerging from virtual asset activities and the activities or operations of VASPs. It was noted that the overall exposure of Seychelles to ML and TF risks arising from VAs and VASPs is "Very High" owing largely to certain unregulated activities occurring predominantly using Seychelles incorporated legal persons. Based on the risks identified, Seychelles developed legal and institutional frameworks to address risks associated with VAs and VASPs. These include enactment of the Virtual Asset Services Providers Act 2024, consequential amendments to the AML/CFT Act, issuance of AML/CFT Institutional Risk

Assessment Guidelines January 2025 and the Virtual Assets Service Providers License Application Guidelines September 2024. ***Therefore, c.15.3 (a) is re-rated Met.***

59. **Criterion 15.3 (b): (*Partly Met)*** Sec 32(1) of the AML/CFT Act (Cap. 251) requires all reporting entities to identify, assess, understand, and monitor their money laundering and terrorist financing risks and to implement measures to mitigate those risks. Sec 32(2) outlines the specific factors entities must consider during this process, including customer types, geographic exposure, products and services offered, transaction channels, third-party relationships, and technological developments. Supporting guidelines issued under Section 57(2) are designed to assist reporting entities in meeting these obligations effectively. Seychelles has undertaken initiatives such as issuing Institutional Risk Assessment Guidelines that assist institutions in carrying out institutional risk assessments and has made some progress in integrating risk considerations into supervisory planning. However, Seychelles has not demonstrated a full operationalisation of a Risk Based supervision approach commensurate with risks identified. Further, neither do they have a Risk Based Supervision Policy or Manual in place that would assist them in monitoring high risk institutions. ***Therefore, c.15.3(b) is re-rated Partly Met.***

60. **Criterion 15.3 (c): (Met).** The legal framework requires VASPs to undertake appropriate steps to identify and assess, manage and mitigate money laundering, terrorist financing as covered under Sec 32(1) of the AML/CFT Act. ***Accordingly, c.15.3(c) is re-rated Met.***

61. Based on the above analysis, deficiencies remain in the effective implementation of a risk based supervisory regime specifically the absence of a formal Risk Based Supervisory policy or manual and the lack of demonstrated ongoing monitoring of high-risk entities reveal that the supervisory response is not yet commensurate with the identified risks. ***Accordingly, c.15.3 remains Partly Met.***

62. **Criterion 15.4:(Met).** In the September 2018 MER it was noted that there were no legal provisions that cover this criterion hence it was rated Not Met.

63. **Criterion 15.4 (a)(i): (Met).** The Virtual Asset Service Providers Act, 2024 (VASP Act), effective September 1, 2024, mandates that any entity conducting VASP business in or from Seychelles must obtain a licence from the Authority. Only companies registered under the Companies Act, 1972, or International Business Companies (IBCs) under the International Business Companies Act, 2016, are eligible for a VASP licence, directly addressing the licensing of legal person VASPs. FSA is the designated Authority for VASP licensing. The VASP License Application Guidelines" detail the application process and requirements for legal persons (companies) seeking a VASP licence. These include submitting incorporation documents,

demonstrating sufficient capital, meeting substance requirements, and proving the ability to meet financial obligations. A transition period until December 31, 2024, allowed existing VASPs to apply for a licence or registration to continue operations; failure to do so required cessation of operations from January 1, 2025, constituting a breach of the VASP Act. The AML/CFT Act (Cap. 251), as amended, also applies to VASPs as reporting entities, obligating them to register with the Financial Intelligence Unit. The enactment of the VASP Act and its regulations is a significant step in addressing prior deficiencies by establishing a legal framework for VASP licensing and regulation, requiring legal persons operating as VASPs in or from Seychelles to obtain a licence (Sec 5(1) VASP Act 2024) and restricting VASP business to legal persons (Sec 5(3) VASP Act 2024). This legislative change meets the technical requirement ensuring that legal person VASPs are required to be licensed in the jurisdiction. ***Therefore, c15.4(a)(i) is re-rated Met.***

64. **Criterion 15.4 (a)(ii): (N/A).** In Seychelles, natural persons are prohibited from operating as VASPs. Section 5(3) of the VASP Act clearly states that individuals may not carry on or purport to carry on virtual asset services in or from within Seychelles. Furthermore, Section 6(3) restricts eligibility for a VASP license to incorporated entities, such as companies or international business companies, explicitly excluding natural persons. As a result, natural persons are neither required nor permitted to be licensed or registered as VASPs in Seychelles, *rendering c15.4(a)(ii) Not Applicable*.

65. **Criterion 15.4 (b): (*Met*).** The original deficiency was the absence of a legal framework for VASPs. The VASP Act addresses this by establishing a licensing regime under the Financial Services Authority (FSA). Specifically, in relation to Criterion 15.4(b), the Act along with the supporting Fit and Proper Code sets out clear procedures to vet individuals involved in the ownership and management of VASPs. Section 12 of the VASP Act requires prior approval from the FSA for the appointment of directors, principal officers, and other key individuals, as defined under the Fit and Proper Code. This gives the Authority a legal basis to assess whether these individuals are fit and proper before they assume their roles. Section 12(3) also imposes an ongoing duty on VASPs to ensure that such persons remain fit and proper, with penalties for non-compliance. As part of licensing shareholders and beneficial owners are required to complete questionnaires, indicating that the Authority gathers and assesses beneficial ownership information at the point of licensing and for any ownership changes. The Fit and Proper Code applies to both beneficial owners and significant shareholders. Section 12(4) reinforces the fit and proper requirement. These provisions show that Seychelles has implemented a legal and regulatory system requiring VASPs to obtain prior approval from the FSA for both key management appointments and shareholding changes. This framework enables the FSA to carry out fit and proper assessments, ensuring that criminals or

their associates cannot hold management roles or significant ownership interests in VASPs. The use of beneficial owner questionnaires further strengthens the assessment process regarding control and influence. ***Therefore, c15.4 (b) is re-rated Met.***

66. Based on the above analysis, all the shortcomings have been addressed except where there are minor with a rating of mostly met, and consequently, ***the overall c.15.4 is re-rated Met.***
67. **Criterion 15.5: (*Partly Met*).** Seychelles is actively identifying and sanctioning unlicensed VASP operations, as mandated by Section 5 of the VASP Act which prohibits conducting VASP business without a license and also bans mining facilities and mixer/tumbler services. Violators face significant penalties under Section 33, including substantial fines and imprisonment. The FSA is proactively issuing public warnings against entities falsely claiming Seychelles affiliation or operating without authorization. To enhance enforcement, the FSA established a dedicated VASP Supervision Section in July 2024, tasked with identifying unregistered operators using data from the ONRA refresh and comparing it against licensed entities. A reporting mechanism on the FSA website allows the public to report suspected unauthorized activities. The FSA investigates these reports, issues warnings, and collaborates with international counterparts. Illegal VASPs face cease and desist letters, potential legal action, and striking off from the registry. The FSA also cooperates with other competent authorities to identify and address unlicensed activities through supervisory forums. Section 5(1) of VASP Act prohibits providing VASP services without a license, with the FSA empowered to enforce the law under Section 32, and penalties outlined in Section 33. The VASP Act resolves the previous lack of a legal structure for VASPs. However, Seychelles has not demonstrated the full practical conclusiveness of these enforcement measures, as it remains unclear whether all VASPs operating in the country met the requirements following the expiry of the compliance notice in December 2024, or whether penalties beyond warnings have been applied to non-compliant operators. The absence of evidence on comprehensive enforcement outcome limits confirmation of full implementation in practice. *Therefore, c15.5 is re-rated Partly Met.*
68. **Criteria 15.6: (*Partly Met*).** In the September 2018 MER it was noted that there were no legal provisions that cover this criterion hence it was rated Not Met

69. **Criterion 15.6 (a): (*Partly Met*).** Seychelles has established mechanisms for VASP compliance with Recommendations 26 and 27. With the VASP Act and amendments to the AML/CFT Act (effective September 1, 2024), VASPs are designated as reporting entities under the AML/CFT Act. Sec 55(2) of the AML/CFT Act designates the FSA as the supervisor for VASPs. The FSA has issued AML/CFT Guidelines and

Institutional Risk Assessment Guidelines for the VASP sector and utilizes blockchain analytical tools for risk assessment. During VASP license applications, the FSA reviews AML/CFT manuals and IRAs. Pre-licensing inspections may be conducted based on these reviews, with the findings being crucial for license approval. Seychelles established the Virtual Asset Service Providers Act, effective September 1, 2024, as the legal framework for licensing and regulating VASPs, designating the FSA as the competent authority for authorization and supervision. The FSA is empowered by the Financial Services Authority Act, 2013 to issue further regulatory details through codes and guidelines. The AML/CFT Act applies to VASPs as reporting entities, with the FSA responsible for their risk-based AML/CFT supervision. However, the FSA has not yet developed a risk-based supervision (RBS) manual, conducted a sectoral risk assessment, or undertaken any RBS inspections to ascertain VASP compliance with national AML/CFT requirements. ***Therefore, the c15.6(a) is re-rated Partly Met***

70. **Criterion 15.6 (b): (*Met*).** FSA has adequate power to supervise or monitor and ensure compliance by VASPs with requirements to combat money laundering and terrorist financing, including the authority to conduct inspections, compel the production of information and impose a range of disciplinary and administrative sanctions including the power to restrict or suspend certain identified business activities, and withdraw, restrict or suspend the VASP's license or registration (Section 57, 58 and 60 of the AML/CFT Act). ***Therefore, c15.6(b) is re-rated Met.***

71. In view of the above, there are remaining deficiencies under the sub criterion 15.6(a) that needs to be addressed, hence, ***overall c.15.6 is re-rated Partly Met.***
72. **Criterion 15.7: (*Met*).** Seychelles has implemented measures to support compliance with Rec 34 by issuing sector specific AML/CFT guidelines for VASPs and updating the Institutional Risk Assessment Guidelines (IRA) to help VASPs identify and report suspicious transactions. These actions are provided in Sec 57(2) of the AML/CFT Act, Sec 4 of the VASP Act, and Sec 33 of the FSA Act, which collectively empower the FSA to issue guidance and provide feedback. The FSA has also operationalised these provisions by launching a dedicated VASP section on its website to facilitate regulatory communication and the reporting of unauthorised activities. Additionally, the reconstitution of the VASP working group illustrates a structured mechanism for industry engagement, consultation on regulatory drafts, and feedback. ***Therefore, c15.7 is re-rated Met.***

73. **Criterion 15.8 (*Met*).** In the September 2018 MER it was noted that there were no legal provisions that cover this criterion hence it was rated Not Met.
74. **Criterion 15.8(a): (*Met*).** Seychelles has a range of proportionate and dissuasive sanctions to address AML/CFT non-compliance by VASPs, as mandated by

Recommendation 35. Sec 60 of the AML/CFT Act provides for criminal, civil, or administrative sanctions. Additionally, Secs 32 and 33 of the VASP Act can be used in conjunction with the AML/CFT Act for enforcement. Furthermore, the FSA can take enforcement action against its licensees, including VASPs, as prescribed under Sec 27 of the FSA Act and Sec 32 of the VASP Act, allows for directives imposing prohibitions, restrictions, or limitations on VASP activities. Additionally, Sec 21(3A) of the Prevention of Terrorism Act provides for penalties up to SCR 2,000,000 or imprisonment between 7 and 20 years, or both, for contraventions related to designated individuals or entities. Regulation 24 of the Prevention of Terrorism (UNSCRST) Regs 2015 also covers administrative sanctions. These range of sanctions are proportionate and dissuasive sanctions, whether criminal, civil or administrative, and available to deal with VASPs that fail to comply with AML/CFT requirements. ***Therefore, c15.8 (a) is re-rated Met.***

75. **Criterion 15.8(b): (*Met*).** Section 57 (h) of the AML/CFT Act provides that the FSA, as the AML/CFT supervisor, can impose dissuasive administrative (civil) with sanctions on the reporting entity and on the directors and senior management of the reporting entity for non-compliance with the provisions of AML/CFT Act. Further, Section 32 and 33 of the VASP Act can be used in conjunction with that of the AML/CFT Act, thus providing for dissuasive sanctions (both criminal and administrative/civil) to be imposed on directors and senior managers. ***Therefore, c15.8(b) is re-rated Met.***

76. Based on the above, all the deficiencies under the criterion 15.8 (a) and (b) have been addressed, hence, ***overall c.15.8 is re-rated Met.***

77. **Criterion 15.9 (*Met*)**. In the September 2018 MER it was noted that there were no legal provisions that cover this criterion hence it was rated Not Met.

78. **Criterion 15.9(a): (Met).** Seychelles, with respect to the applicable preventive measures, have required VASPs to be compliant with the relevant requirements set out in Recs 10 to 21. The consequential amendments to Section 49 (2) of the AML/CFT Act provides the one-off and linked transactions designated threshold as SCR15, 000 for VASPs to apply customer due diligence measures. Section 35(1) of Seychelles' AML/CFT Act, mandates that reporting entities, including VASPs, apply CDD measures for customers, business relationships, and transactions, with ongoing monitoring. Section 49(1)(b) of the AML/CFT Act specifies CDD for every one-off transaction. For virtual asset transfers, Section 49(2) defines a one-off transaction as exceeding SCR 15,000 or its equivalent in any currency. Thus, the CDD threshold for occasional VASP transactions in Seychelles is SCR 15,000, which was approximately USD 1,043 as of April 2025. ***Therefore, c15.9(a) is re-rated Met.***

79. **Criterion 15.9 (b) (i) and (ii): (Met).** VASPs are subject to travel rule requirements in accordance with Rec.16. Sections 45 B and 45 C of the AML/CFT Act provide for the obligations of originating VASPs and beneficiary VASPs to hold and share without delay the required and accurate originator and beneficiary information. Further, Section 47 (3 and 4), of the AML/CFT Act require VASPs to maintain records for a period of 30 years in digital format and maintain the information securely and make it available on request to appropriate authorities. ***Therefore, c15.9(b) (i and ii) are re-rated Met.***

80. **Criterion 15.9 (b) (iii): (*Met*).** Sec 45 (b)(2) of the VASP Act requires states that an originating virtual asset service provider shall obtain and hold required originator information and required beneficiary information on virtual asset transfers. Concerning taking freezing action and prohibiting transactions with designated persons and entities, UNSCRST Regs 2015 establish the framework for these measures. Therefore, based on these legal provisions, Seychelles' legal framework, particularly the Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020 and the Virtual Asset Service Providers Act, 2024, includes requirements for monitoring the availability of originator and beneficiary information for virtual asset transfers. The Prevention of Terrorism Act and its regulations, along with section 18(9) of the Virtual Asset Service Providers Act, 2024, ensure that the requirements for taking freezing action and prohibiting transactions with designated persons and entities apply to VASPs. ***Therefore c15.9(b)(iii) is re-rated Met.***

81. **Criterion 15.9 (b) (iv): (Met).** Sec 45B (2) of the VASPs Act mandates that originating VASP obtain and hold originator and beneficiary information for virtual asset transfers. The Prevention of Terrorism Act and the Prevention of Terrorism (UNSCRST) Regs 2015 establish the framework for freezing assets and prohibiting transactions with designated persons and entities. Section 18(9) of the VASPs Act ensures these freezing requirements apply to VASPs. This legal framework meets the criteria for monitoring originator and beneficiary information and implementing freezing actions against designated persons and entities. ***Therefore, c15.9(b)(iv) is re-rated Met.***

82. Based on the above, all the deficiencies under the criterion 15.9 (a) and (b) have been addressed, hence, ***overall c.15.9 is re-rated Met.***

83. **Criterion 15.10: (Met).** Seychelles has established communication mechanisms for targeted financial sanctions. VASPs, as reporting entities under the AML/CFT Act,

are required to comply with the Prevention of Terrorism (Implementation of United Nations Security Council Resolutions on Suppression of Terrorism) (Amendment) Regs, 2022. The FIU disseminates UNSCR lists to the FSA, which then immediately distributes them to all reporting entities under its supervision, including VASPs. These entities are obligated to cross-verify the lists against their databases and report any matches to the FIU. The FIU in Seychelles disseminates updated lists of designated entities to all supervisory authorities, law enforcement agencies, and other relevant bodies. The FIU also issues public notices and freezing orders, along with directives for preventive measures and reporting frozen assets. Designations made under the Prevention of Terrorism Act Regs are promptly communicated to all financial institutions and designated non-financial businesses or professions, with guidance on freezing funds. ***Therefore, c.15.10 is re-rated Met.***

84. **Criterion 15.11: (Met).** Seychelles has established a robust legal framework for international cooperation on Virtual Asset Service Provider (VASP) matters through multiple legislative provisions. Section 13(f) and (g) of the AML/CFT Act empower the FIU to exchange information with foreign FIUs and law enforcement agencies, subject to confidentiality and use restrictions. As the designated VASP supervisor, the Financial Services Authority (FSA) is mandated under Section 4(2)(p) of the VASP Act and Section 17 of the FSA Act to cooperate with foreign supervisory, competent, and investigative authorities for information sharing, supported by memoranda of understanding (MOUs) and international agreements. The Mutual Legal Assistance in Criminal Matters Act (MLA Act), under Section 7, also enables the FSA and other competent authorities to seek assistance from foreign states via the Attorney General's Office. Complementing these measures, the Seychelles Police participate in global intelligence sharing platforms such as INTERPOL, having received 874 international information requests involving virtual assets between 2022 and 2024. These provisions, along with institutional coordination through the National Anti-Money Laundering and Countering the Financing of Terrorism Committee's (NAC) VASP working group, collectively address the deficiencies identified in the 2018 Mutual Evaluation Report (MER), significantly strengthening Seychelles' capacity for cross border cooperation in the virtual asset sector. ***Therefore, c.15.11 is re-rated Met.***

Overall Conclusion and Weighting

85. While Seychelles has addressed criteria c.15.2, c.15.4, 15.7, 15.8, 15.9, 15.10 and 15.11, they have moderate deficiencies on 15.1, 15.3, 15.5 and 15.6. The deficiencies are; they did not demonstrate that they carried out sectoral risk assessments to determine

which financial institutions are low, medium or high risk and did not demonstrate that they are implementing a Risk Based Supervision approach. Furthermore, Seychelles has no Risk Based Supervision Policy or Manual in place that would assist them in monitoring high risk institutions. These remaining deficiencies negatively impact on overall conclusion and weighting of Rec 15. **Recommendation 15 is therefore re-rated from NC to PC.**

3.1.5 *Recommendation 33 – Statistics (Originally rated PC– to proposed Rating to C)*

	Year	Rating
MER	**2018**	PC
FUR 1	**2021**	PC
FUR 2	**2024**	PC
FUR 3	**2025**	↑C

86. **Criterion 33.1(a): (Met).** The Criterion was rated as Party Met in the MER, 2018. The deficiency identified in the assessment was that there was no adequate statistics kept necessary to review and assess the effectiveness of the AML/CFT system. Subsequent to 2018 MER, Seychelles now maintains comprehensive statistics on STRs received and disseminated both manually and on the GoAML platform. The FIU maintains database and keep statistics of all STRs received from reporting institutions and disseminated to various agencies pursuant to Section 27 (k) of the AML/CFT Act 2020 that empowers the FIU to create and maintain a database of all reports of suspicious financial activities, amongst other reports necessary for the proper functioning of the FIU. The FIU also receives reports from various sources beyond Reporting Entities and ensures that these disclosures are accurately recorded. ***Therefore c.33.1(a) is re-rated Met.***

87. **Criterion 33.1(b): (*Met*).** The criterion was rated as Partly Met in the 2018 MER, with the primary deficiency being the absence of adequate statistics necessary to review and assess the effectiveness of Seychelles' AML/CFT system. At the time, there were no statistics available relating to ML/TF investigations, prosecutions, or convictions, and data from the Police, Anti-Narcotics Bureau and AG office were not provided. The lack of investigative statistics from key agencies such as the Anti-Corruption Commission was a significant gap, particularly given that Paragraph 31 of the 2018 MER identified tax related crime as a major prevalent predicate offence raising the

question of how there could be no recorded investigations from 2020 to date. Subsequent to the MER, the country provided ML/TF statistics covering the period from 2020 to Q4 of 2024. This includes data from the Financial Crimes Investigation Unit over the years and from the Anti-Corruption Commission for the period Q1 to Q4 of 2024. Data also includes that of Seychelles Revenue Commission showing tax audit and evasion cases between January and May 2024 and revenues raised. ***Therefore c.33.1 (b) is re-rated Met.***

88. **Criterion 33.1(c) (*Met*).** Seychelles operationalized its Asset Management Unit (AMU) in October 2023 under the Ministry of Finance to manage frozen, seized, and confiscated assets, as outlined in the Custody, Management, and Disposal of Seized, Forfeited, or Confiscated Properties Act, 2021 (Sec 4). The AMU uses a case management system accessible to authorized Ministries, Departments, and Agencies (MDAs) to track these assets. The FCIU also employs an Asset Case Management tracker to monitor the value of confiscated or forfeited proceeds and instrumentalities of crime. Similarly, the ACCS maintains statistics on frozen, seized, and confiscated properties through its system, with these efforts coordinated with the AMU. The country submitted statistics from 2020 to Q4 of 2024 showing the types and the value of assets frozen, seized, confiscated and transferred for management purposes. ***Therefore, c33.1(c) is re-rated Met.***

89. **Criterion 33.1(d): (*Met*).** Seychelles has a multi-faceted system for tracking international cooperation requests. The FAD receives MLA requests, forwarding them to the AGO, the Central Authority, and maintains statistics on their status. The AGO also keeps comprehensive records of both incoming and outgoing MLAs and other international cooperation requests. Entities like the FIU, FCIU, CBS, FSA, SRC, and ACCS maintain statistics on non-MLA international cooperation requests and track MLA requests they operationalize for the AGO. The FIU, as an Egmont Group member, records its international cooperation, including spontaneous disseminations, and is legally empowered (Sec 27(1), AML/CFT Act) to compile and analyse these statistics for trend analysis and NRA input. The NAC is responsible for coordinating authorities to maintain comprehensive AML/CFT statistics (Sec 7(1)(p), AML/CFT Act). The statistics from various entities are submitted to the NAC Secretariat for compilation and validation, informing policy makers, the National

Risk Assessment, and stakeholders on the effectiveness of Seychelles' AML/CFT regime. The country provided statistics on mutual legal assistance, as received in the department of foreign affairs, the AG and other agencies. ***Therefore, c.33.1(d) is re-rated Met.***

Overall Conclusion and Weighting

90. Seychelles has implemented several measures to meet the requirements for AML/CFT statistics, investigations, asset management, and international cooperation and has addressed all outstanding deficiencies. **Therefore, the Reviewers recommend upgrading Recommendation 33 from PC to C.**

IV. CONCLUSION

91. Seychelles has made progress in resolving some of the technical compliance deficiencies identified in its MER. Reviewers considered information provided in support of the request for re-rating of Recommendations 6, 7 ,8 and 33 initially rated PC and 15 initially rated NC and ratings for three (3) Recommendations have been revised.

92. Recommendations 8 is upgraded from PC to LC, Recommendation 15 from NC to PC, Recommendation 33 from PC to C and the rating for Recommendation 6 and 7 are maintained at PC.

93. Considering overall progress made by Seychelles since the adoption of its MER, its technical compliance with the FATF Recommendations has been revised as shown in Table 4.1.

Table 4.1: Technical Compliance Re-rating, August 2025.

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

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