



ATTORNEY GENERAL'S OFFICE

Findings of On-site Inspections in respect of Targeted Financial Sanctions (TFS) requirements.

Abbreviations and terms

- AGO - Attorney General's Office
- DPRK – Democratic People's Republic of Korea (North Korea)
- UN – United Nations
- UNSC – United Nations Security Council
- AML – Anti-money laundering
- CFT – Combatting the financing of terrorism
- TFS – Targeted financial sanctions
- FATF – Financial Action Task Force
- FIAMLA - Financial Intelligence and Anti-Money Laundering Act 2002
- The UN Sanctions Act - United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019
- ESAAMLG - Eastern and Southern Africa Anti-Money Laundering Group
- FIU – Financial Intelligence Unit
- NSC – National Sanctions Committee
- NSSec –National Sanctions Secretariat

1. Disclaimer

This guidance is intended to provide assistance to law firms¹ in meeting their obligations under the **United Nations (Financial Prohibitions, Travel Ban and Arms Embargo) Sanctions Act 2019 (UN Sanctions Act)**. This guidance has been issued by the AGO pursuant to **Section 19H (1) (a)** of the **Financial Intelligence and Anti-Money Laundering Act 2002**. It has been prepared and published for informational and educational purposes only and should not be construed as legal advice.

This guidance must be read in conjunction with the **Financial Intelligence and Anti-Money Laundering Act 2002**, **Prevention of Corruption Act 2002**, **Prevention of Terrorism Act 2002**, the **United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019**, the **Convention of the Suppression of the Financing of Terrorism Act** and the **Financial Intelligence and Anti-Money Laundering Regulations 2018**.

2. The Mauritian AML/CFT Legislative Framework: United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019 (hereinafter referred to as 'The UN Sanctions Act')

As an international financial centre Mauritius is committed to protecting its financial services sector from abuse which may occur through various actors engaged in proliferation financing and other proliferation efforts. All natural and legal persons in Mauritius should exercise caution and vigilance in order to ensure that they do not, in any way whatsoever, support individuals or organisations which are subject to United Nations Security Council (UNSC) proliferation-related sanctions under **UNSC Resolutions 1373 related to counter terrorism, UNSC Resolutions 1737 (2006) related to the Democratic People's Republic of Korea (DPRK), and 2231(2015) related to the Islamic Republic of Iran**, and their successor resolutions.

The **Financial Action Task Force (FATF)** requires countries to implement targeted financial sanctions related to proliferation financing under **Recommendation 7**.

¹ This refers to law firms/foreign law firms/joint law venture/foreign lawyers that perform any of the activities listed in Part 2 of the First Schedule of FIAMLA.

FATF Recommendation 7

Countries should implement targeted financial sanctions to comply with United Nations Security Council resolutions relating to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing. These resolutions require countries to freeze without delay the funds or other assets of, and to ensure that no funds and other assets are made available, directly or indirectly, to or for the benefit of, any person or entity designated by, or under the authority of, the United Nations Security Council under Chapter VII of the Charter of the United Nations.

Mauritius, being a founder member of the **Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG)**, and having endorsed the FATF Standards has enacted the **UN Sanctions Act** in May 2019. The **UN Sanctions Act** provides the legal framework for the implementation of UN sanctions as adopted by the UNSC under Chapter VII of the UN Charter. This legislation also implements the requirements of the FATF regarding targeted financial sanctions under **Recommendation 7**.

Section 7 of the **UN Sanctions Act** establishes the National Sanctions Secretariat (NSSec) which is the focal point for UN sanctions related matters, including targeted financial sanctions related to proliferation financing. The NSSec supports the work of the National Sanctions Committee (NSC) which is established under **Section 4** of the **UN Sanctions Act**. Among others, the NSC is the authority responsible for²-

- (a) directing the Secretary for Home Affairs to declare, for the purposes of UNSCR 1373 or any other international obligations, a party as a designated party;
- (b) identifying a party that meet the listing criteria for designation as a listed party on a United Nations Sanctions List;
- (c) making proposals for the listing of a party as a listed party to the relevant United Nations Sanctions Committee;
- (d) coordinating and promoting effective implementation of the obligations under the UNSCRs in Mauritius;
- (e) coordinating international cooperation in the cross-border implementation of the UNSCRs between Mauritius and other countries and foreign counterpart agencies;

² Section 4 of United Nations (Financial Prohibitions, Arms Embargo and Travel Ban) Sanctions Act 2019.

- (f) coordinating the development of, review and implement, national policies and activities for the effective implementation of the UNSCRs; and
- (g) approving such guidelines developed by the National Sanctions Secretariat and making recommendations to the Minister for legislative, regulatory and policy reforms for the purposes of the **UN Sanctions Act**.

3. Extension of Obligations under FIAMLA 2002 and UN SANCTIONS ACT 2019

According to **Sections 19H** and **19K** of the **FIAMLA**, a law firm falling under the purview of a regulatory body must ensure compliance with the **UN Sanctions Act**. Law firms should be aware that once a person has been designated domestically or listed by the UNSC, it is an offence to deal with the funds or other assets of such a person. It is also an offence to make funds or other assets available to a designated party or listed party. As soon as there is a designation or a listing, two prohibitions prevail under the **UN Sanctions Act**:

- A prohibition to deal with the funds or other assets of the designated or listed party under **Section 23**; and
- A prohibition to make available funds or other assets to the designated or listed party under **Section 24**.

The prohibitions apply to all persons.

Under the **UN Sanctions Act**, there are also several reporting obligations which apply to law firms. These are set out below.

4. Reporting Obligations

Where any person holds, controls or has in his custody or possession any funds or other assets of a designated party or listed party, he/she shall immediately notify **(by virtue of Section 23(4) UN Sanctions Act)** the NSSec of-

- details of the funds or other assets against which action was taken against;
- the name and address of the designated party or listed party; and
- details of any attempted transaction involving the funds or other assets, including-

- 1) the name and address of the sender;
- 2) the name and address of the intended recipient;
- 3) the purpose of the attempted transaction;
- 4) the origin of the funds or other assets; and
- 5) where the funds or other assets were intended to be sent.

The reporting obligations continue under **Section 25** of the **UN Sanctions Act** which states that a reporting person shall immediately verify whether the details of the designated or listed party match with the particulars of any customer and if so, identify whether the customer owns any funds or other assets in Mauritius. A report has to be submitted to the NSSec regardless of whether any funds or other assets were identified by the reporting person. [Template for reporting is available on the AGO's website.](#)

Contact details for the National Sanctions Secretariat:

National Sanctions Secretariat

Prime Minister's Office (Home Affairs)

Fourth floor

New Government Centre

Port Louis

Phone Number: (+230) 201 1264 / 201 1366

Fax: (+230) 211 9272

Email: nssec@govmu.org

5. Reporting of Suspicious Information

Pursuant to **Section 39** of the **UN Sanctions Act**, any information related to a designated party or listed party which is known to the law firm should be submitted to the FIU in accordance with **section 14 of the FIAMLA**.

6. Supervision

The NSSec is the focal point for UN sanctions related matters, including coordinating and promoting effective implementation of the obligations under the UNSC resolutions in Mauritius.

The NSSec has, under **Section 18(1)** of the **UN Sanctions Act**, the responsibility to immediately give public notice of any changes to any UN sanctions lists, including the 1718 and 2231 Lists. This includes new designations, changes to existing designations, and removed designations.

As outlined in **Section 40(3)** of the **UN Sanctions Act**, individual supervisory authorities shall supervise and enforce compliance by reporting persons over whom they exercise supervisory control or oversight with the requirements imposed under the **UN Sanctions Act**. It is important that reporting persons consult both these guidelines issued by the National Sanctions Secretariat, as well as any guidance issued by their respective supervisory authority.

Relevant supervisory authorities are listed in the table below:

Supervisory Authority	Licensees
Attorney General	☐ Law Firms, foreign law firm, joint law venture, foreign lawyer, under the Law Practitioners Act
Bank of Mauritius	<ul style="list-style-type: none">• Bank• Non-Bank Deposit Taking Institutions• Cash dealers• Licensees under the National Payment Systems Act

Financial Intelligence Unit	<ul style="list-style-type: none"> • Attorney • Barrister • Notary • Dealer in jewellery, precious stones or precious metals • Agent in Land and/or Building or Estate Agency under the Local Government Act • Land Promoter and Property Developer under the Local Government Act
Financial Services Commission	<input type="checkbox"/> An institution or a person, as the case may be, licensed, registered or authorised under – (a) section 14, 77, 77A or 79A of the Financial Services Act; (b) the Insurance Act, other than an insurance salesperson; (c) the Securities Act; (d) the Captive Insurance Act; or (e) the Trusts Act
Gambling Regulatory Authority	<input type="checkbox"/> Person licensed to operate a casino, a hotel casino, as a horse racing organiser, the Mauritius National Lottery, a limited payout machine, a sweepstake, as a local pool promoter, as the agent of a local pool promoter, a gaming house, a gaming machine, as a totalisator, as a bookmaker and interactive gambling under the Gambling Regulatory Authority Act
MIPA	<input type="checkbox"/> Professional accountant, public accountant and member firm under the Financial Reporting Act
Registrar of Companies	<input type="checkbox"/> Company Service Provider
Registrar of Cooperatives	<input type="checkbox"/> A credit union under the Co-operatives Act

7. Implementation by Reporting Persons

As stated in **Section 41** of the **UN Sanctions Act**, reporting persons are required to implement internal controls and other procedures to effectively comply with their obligations under the Act, including counter proliferation financing obligations.

The **UN Sanctions Act** also establishes several reporting obligations and authorisation mechanisms which law firms must implement. The internal controls and procedures required for implementation are outlined in this section.

8. Dissemination and consultation of sanctions lists

The NSSec has, under **section 18(1)** of the **UN Sanctions Act**, the responsibility to immediately give public notice of any changes to any UN sanctions lists, including the list found under the second schedule of

the **UN Sanctions Act**. This includes new designations, changes to existing designations, and removed designations.

Law firms have a responsibility to monitor and immediately implement any changes to UN sanctions lists.

Sanctions lists may also be consulted directly with the UNSC, or with the FIU which acts upon the direction of the NSSec. Under **Section 18(1)(b)** of the **UN Sanctions Act**, the FIU must disseminate the public notice issued by the NSSec, UN sanctions lists as well as any changes thereto to the supervisory authorities, the investigatory authorities, the reporting persons and any other relevant public or private agency registered with the FIU.

All updates related to sanctions lists are posted on the NSSec's website: <http://nssec.govmu.org> and on the [FIU's website](#).

9. **Sanctions Screening**

Sanctions apply to all clients and transactions, and there is no minimum financial limit or other threshold to conduct screening. **Section 25** of the **UN Sanctions Act** requires that when a party is listed, every reporting person shall, immediately, verify whether the details of a listed party match with the particulars of any customer, and if so, identify whether the customer owns any funds or other assets in Mauritius. As per **Section 23 (1)** of the **UN Sanctions Act**, the funds or other assets shall include:

(a) all funds or other assets that are owned or controlled by the designated party or listed party, and not just those that can be tied to –

(i) a particular terrorist act, plot or threat;

(ii) a particular act, plot or threat of proliferation;

(b) those funds or other assets that are wholly or jointly owned or controlled, directly or indirectly, by the designated party or listed party;

(c) funds or other assets derived or generated from funds or other assets owned or controlled, directly or indirectly, by the designated party of listed party, and

(d) funds or other assets of a party acting on behalf of, or at the direction of, the designated party or listed party.

10. Customer Screening

Reporting entities must have a system in place to screen customers during on-boarding and through the life cycle of the customer relationship. This also includes directors and beneficial owners of corporate customers, and any other parties with access to the account. At a minimum, screening should take place when establishing a new relationship, and at regular intervals either upon a trigger event (change in directors or ownership) or when a sanctions list changes.

11. Transaction Monitoring

Each incoming and outgoing transaction should similarly be screened for a potential match with sanctions lists.

- Parties involved (remitter, beneficiary, other financial institutions involved in the transaction, intermediaries)
- Vessels and International Maritime Organization (IMO) numbers (unique identifier number assigned to each vessel) – especially relevant for DPRK.
- Bank names, bank identifier codes (BIC) and other routing codes
- Free text fields (e.g. payment reference)

12. Sanctions Match and Resolving False Positives

Screening is the comparison of one string of text against another to detect similarities which would suggest a potential match, that is, the process of verifying whether an individual figures on the UN Sanction list. If a match is detected, and a reporting person maintains accounts, or otherwise holds or controls funds and other assets for designated and listed parties (or anyone owned or controlled by listed parties, or acting on their behalf or for their benefit), reporting persons should immediately:

- Not deal with those funds and other assets.
- Not make funds and other assets available to or for the benefit of listed and designated parties.
- Freeze order of funds or other assets of designated and listed parties and carry out further investigation.

If an alert is generated with a potential match, the procedures laid down in **Sections 23, 24 and 25** of the **UN Sanctions Act** should be complied with.

UN sanctions lists are provided with other identifying information to assist in the identification of a true match or false positive.

13. Sanctions Reports

If a true match is identified by a reporting person, it must immediately submit a report to the National Sanctions Secretariat, and also to its relevant supervisory authority. The specific reporting obligations are contained in the **Sections 25 (2) (a) and (b)** of the **UN Sanctions Act**.

Reports may be completed using the template which can be downloaded from the NSSec website:
<http://nssec.govmu.org>

Reports must be submitted to the following email address: nssec@govmu.org

14. Summary of Reporting Obligations

Relevant obligation in Sanctions Act	Description	Sanctions for non-compliance
Section 23(4)- Notification of compliance with prohibition to deal requirement	<p>Details of any funds or other assets subject to a prohibition to deal under section 23(1) of the Act must be immediately reported to the National Sanctions Secretariat in terms of section 23(4) of the Act. The report must provide-</p> <ul style="list-style-type: none"> a) Details of the funds or other assets against which action was taken in accordance with section 23(1) of the Act; b) The name and address of the listed party; c) Details of any attempted transaction involving the funds or other assets, including - <ul style="list-style-type: none"> i. The name and address of the sender ii. The name and address of the intended recipient iii. The purpose of the attempted transaction iv. The origin of the funds or other assets v. Where the funds or other assets were intended to be sent 	Failure to comply with this requirement is an offence under section 45 of the Act. See section 45 of the Act below
	Reporting persons can use the template provided on the NSSec website.	

Section 25- Reporting Obligations	1 - Where a party is listed as a listed party, every reporting person shall, immediately, verify whether the details of the listed party match with the particulars of any customer, and if so, to identify whether the customer owns any funds or other assets in Mauritius, including the funds or other assets referred to in section 23(1) of the Sanctions Act.	Failure to comply with this requirement is an offence under section 45 of the Sanctions Act.
	2 - a) Where funds or other assets or no funds or other assets are identified by the reporting person, the reporting person shall make a report to the National Sanctions Secretariat. b) Where a report is made under paragraph (a), the reporting person shall, in addition, report same to its relevant supervisory authority.	Under section 25(3) of the Sanctions Act, any person who fails to comply with subsection (2)(a) or (b) shall commit an offence and shall, on conviction, be liable to a fine not exceeding 5 million rupees and to a term of imprisonment not exceeding 10 years.

In addition, **Section 39** of the **UN Sanctions Act** states that any information related to a listed party shall be immediately submitted by the reporting person to the FIU³ or by any other person in writing to the FIU.

Relevant obligation in Sanctions Act	Description	Sanctions for non-compliance
Section 39 - Reporting of suspicious information	Any information related to a listed party which is known to - (a) a reporting person, shall be immediately submitted by the reporting person to FIU in accordance with section 14 of the FIAMLA; or (b) any other person, transmitted forthwith by that person, in writing, to FIU.	See section 45 of the Sanctions Act.

³ Reporting persons should submit any such information to the FIU via the GoAML platform and are reminded that pursuant to Section 14C of the FIAMLA, every reporting person or auditor must register with the FIU. In this respect, reporting persons should also refer to the FIAML Regulations 2018.

15. Summary of Domestic Obligations and Penalties

The below table describes all relevant domestic obligations that reporting persons must be aware of and implement, as well as the sanctions that may be imposed on reporting persons if they do not comply.

Relevant obligation in Sanctions Act	Description	Sanctions for noncompliance
Section 23(1)- prohibition to deal with funds or other assets of a listed party	Mauritius implements the assets freeze measures under the UNSC resolutions through section 23(1) of the Sanctions Act. Where a dissemination is made under section 18(1) of the Act, the prohibition to deal with the funds and other assets of a listed party under section 23(1) of the Act applies immediately. The term “deal” is defined under section 2 of the Act and includes to sell, supply, lease, transfer, convert, dispose, move, use or withdraw.	A person who fails to comply with section 23(1) of the Sanctions Act is, on conviction liable to a fine not exceeding 5 million rupees or twice the amount of the value of the funds or other assets, whichever is greater, and to imprisonment for a term of not less than 3 years.
Section 23(2) - Interest	Where a prohibition is in force, nothing shall prevent any interest which may accrue, or other earnings due, on the accounts held by a listed party, or payments due under contracts, agreements or obligations that arose prior to the date on which those accounts became subject to the prohibition, provided that any such interest, earnings and payments continue to be subject to the prohibition.	A person who fails to comply with section 23(2) of the Act is, on conviction liable to a fine not exceeding 5 million rupees or twice the amount of the value of the funds or other assets, whichever is greater, and to imprisonment for a term of not less than 3 years.

Section 23(3) – Payments Under Prior contracts (Iran)	Where a party is listed pursuant to UNSC Resolution 2231, the National Sanctions Committee may authorise the listed party to make any payment due under a contract, an agreement or an obligation entered prior to such listing, provided that the National Sanctions Committee is satisfied certain criteria is fulfilled (including that the contract is not related to items, materials, equipment, goods, technologies, assistance, training, financial assistance, investment, brokering or services prohibited	
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Relevant obligation in Sanctions Act	Description	Sanctions for noncompliance
	under UNSC Resolution 2231, and payments are not directly or indirectly received from, or made to, a person or entity subject to the measures in Paragraph 6 of Annex B to UNSC 2231).	

<p>Section 23(4)- Notification of compliance with prohibition to deal requirement</p>	<p>Details of any funds or other assets subject to a prohibition to deal under section 23(1) of the Sanctions Act must be immediately reported to the NSSec in terms of section 23(4) of the Sanctions Act. The report must provide-</p> <ul style="list-style-type: none"> a) Details of the funds or other assets against which action was taken in accordance with section 23(1) of the Act; b) The name and address of the listed party; c) Details of any attempted transaction involving the funds or other assets, including - <ul style="list-style-type: none"> i. The name and address of the sender ii. The name and address of the intended recipient iii. The purpose of the attempted transaction iv. The origin of the funds or other assets v. Where the funds or other assets were intended to be sent <p>Reporting persons can use the template provided on the NSSec website.</p>	<p>Failure to comply with this requirement is an offence under section 45 of the Sanctions Act. See section 45 of the Act below</p>
<p>Section 24- Prohibition on making funds or other assets available to a listed party</p>	<p>Pursuant to the UNSCRs, UN Member States also have to ensure that no funds or other assets are made available, by their nationals or by persons within their territory directly or indirectly, to or for the benefit of a listed party. This requirement is implemented under section 24 of the Sanctions Act which reads as follows-</p> <p>No person shall make any funds or other assets or financial or other related services available, directly or indirectly, or wholly or jointly, to or</p>	<p>In accordance with section 24(2) of the Act, any person who contravenes subsection(1) shall commit an offence shall, on conviction be liable to a fine not exceeding 5 million rupees or twice the amount of the value of the funds or other assets, whichever is the greater and to imprisonment for a term not less than 3 years.</p>

Relevant obligation in Sanctions Act	Description	Sanctions for noncompliance
	for the benefit of a listed party, a party acting on behalf, or at the direction of a listed party; or an entity owned or controlled directly or indirectly, by a listed party.	
Section 25- Reporting Obligations	1 - Where a party is listed as a listed party, every reporting person shall, immediately, verify whether the details of the listed party match with the particulars of any customer, and if so, to identify whether the customer owns any funds or other assets in Mauritius, including the funds or other assets referred to in section 23(1) of the Sanctions Act.	Failure to comply with this requirement is an offence under section 45 of the Sanctions Act. See section 45 of the Act below
	2 - a) Where funds or other assets or no funds or other assets are identified by the reporting person, the reporting person shall make a report to the NSSec. b) Where a report is made under paragraph (a), the reporting person shall, in addition, report same to its relevant supervisory authority.	Under section 25(3) of the Sanctions Act, any person who fails to comply with subsection (2)(a) or (b) shall commit an offence and shall, on conviction, be liable to a fine not exceeding 5 million rupees and to a term of imprisonment not exceeding 10 years.
Section 29- Rights of Bona Fide Third Parties	Any prohibition under the Sanctions Act applies without prejudice to the rights of bona fide third parties. A bona fide third party may in accordance with the provisions under section 29 of the Sanctions Act apply to the NSC to exclude his interest from the prohibition. Pursuant to section 29(5) of the Sanctions Act, any person who holds, controls or has in his custody or possession funds or other assets of a bona fide third party shall immediately comply with an application granted under section 29(3) of the Sanctions Act.	Any person who fails to comply with section 29(5) of the Sanctions Act, shall, commit an offence and shall on conviction, be liable to a fine not exceeding one million rupees and to imprisonment for a term not exceeding 5 years.

Section 30 - Application to Use Funds or Other Assets of Listed Party	Section 30 of the Sanctions Act provides for the release of funds subject to a prohibition under sections 23 and 24 of the Sanctions Act, which are necessary for basic expenses or for extraordinary expenses, if	
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Relevant obligation in Sanctions Act	Description	Sanctions for noncompliance
	approved by the relevant UN Sanctions Committees.	
Section 33 - Mistaken Identity	In the case that a party with the same or similar name as a listed party, that is a false positive, section 33 of the Sanctions Act sets out the procedure for deconflicting false positives. Where a case of false positive is established, any person who holds, controls or has in his custody or possession the funds or other assets of any such party shall release those funds or other assets immediately.	Any person who fails to release the funds or other assets under section 33(5) of the Sanctions Act shall commit an offence and shall on conviction be liable to a fine not exceeding one million rupees and to imprisonment for a term not exceeding 5 years.
Section 34 - Lapse of freezing order or prohibition	(1) Where the name of a listed party has been removed from the relevant United Nations Sanctions List - (a) any prohibition against the listed party under this Act shall lapse with immediate effect; and (b) any reporting person or any other person who holds, controls or has in his custody or possession any funds or other assets of the listed party, shall immediately unfreeze those funds or other assets.	Any person who fails to comply with subsection (1)(b) shall commit an offence and shall, on conviction, be liable to a fine not exceeding one million rupees and to imprisonment for a term not exceeding 5 years.

Section 35 - Arms embargo	Under section 35 of the Sanctions Act, it is an offence if any person supplies, sells or transfers, directly or indirectly to a listed party, arms or related material or all types, as well as technical advice, assistance or training related to military activities.	Any person who commits an offence under section 35 of the Sanctions Act is, on conviction, liable to a fine not exceeding 10 million rupees and imprisonment for a term of not less than 5 years.
Section 39 - Reporting of suspicious information	Any information related to a listed party which is known to – (a) a reporting person, shall be immediately submitted by the reporting person to FIU in accordance with section 14 of the FIAMLA; or	See section 45 of the Sanctions Act below
Relevant obligation in Sanctions Act	Description	Sanctions for noncompliance
	(b) any other person, transmitted forthwith by that person, in writing, to FIU.	
Section 40(3)- Supervision by supervisory authorities	A supervisory authority shall supervise and enforce compliance by reporting persons over whom they exercise supervisory control or oversight with the requirements imposed under this Act.	Where it appears or is represented to the any supervisory authority that any reporting person has refrained from complying or negligently failed to comply with any requirement under this Act, the supervisory authority may take, against the reporting person, any action which it may be empowered to take under the relevant enactments.
Section 41- Internal controls	A reporting person shall implement internal controls and other procedures to enable it to effectively comply with their obligations under this Act.	See section 45 of the Sanctions Act below and section 40(3) above.

Section 45 – Offences	Any person who contravenes this Act shall commit an offence and shall, on conviction, be liable, where no specific penalty is provided, to a fine not exceeding one million rupees and to imprisonment for a term not exceeding 10 years.	
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Useful Links

- 1718 Sanctions List of designated persons and entities related to DPRK:
<https://www.un.org/securitycouncil/sanctions/1718/materials>
- Lists of designated vessels:
<https://www.un.org/securitycouncil/sanctions/1718/materials/listof-designated-vessels>
- Overview of exemptions to assets freeze measures:
<https://www.un.org/securitycouncil/sanctions/1718/exemptions-measures/assets-freeze>
- Guide to humanitarian exemption requests:
<https://www.un.org/securitycouncil/sanctions/1718/exemptions-measures/humanitarianexemption-requests>
- 2231 Sanctions List of designated persons and entities related to UNSC Resolution 2231:
<https://www.un.org/securitycouncil/content/2231/list>
- Overview of exemptions to assets freeze measures:
<https://www.un.org/securitycouncil/content/2231/assets-freeze-exemptions>

Findings of On-site Inspections in respect of TFS requirements.

As part of the Off-site monitoring exercise, a list of questions was sent to the law firms to gather information on the below sub-headings to which a significant number of law firms responded well. The effectiveness of their responses was then verified during the On-site inspections or Follow-up inspection exercises.

This part of the paper will discuss the various findings of the AGO, recognizing common positive and negative outcomes identified by the Inspection Teams in view of recent inspections conducted over the first supervisory cycle.

It has been observed that in a few cases, law firms have been reluctant to provide the AGO a complete list of all clients (including non-prescribed activities) being screened against the UN List. The purpose of the AGO asking for same is to verify whether the sanctions screening process is being conducted as per the [Guidelines on the Implementation of TFS](#). In cases where law firms had not provided the AGO with a complete list of clients (including those dealing with non-prescribed activities), the AGO offered clarifications to the law firms on the specific obligations arising under the **UN Sanctions Act** and [related guidelines](#), which ultimately proved to be effective. The law firms rectified their respective positions accordingly and provided their list of clients being screened against the UN Sanctions List.

The AGO noted that law firms have shown a willingness to comply with TFS obligations under the **UN Sanctions Act**.

Policies & Procedures Manual

It has been noted that law firms have updated their Policies & Procedures Manuals to address the exigencies of the **UN Sanctions Act** by incorporating internal policies and procedures regarding the sanction screening processes.

Only one law firm was not compliant with the **UN Sanctions Act** obligations in spite of reminders. The law firm had not included the obligations pertaining to TFS in its Policies and Procedures Manual. A deficiency letter was sent to that law firm and the deficiency was cured to the satisfaction of the AGO without any need for sanction.

In accordance with **Sections 23 and 24** of the **UN Sanctions Act**, whenever there is a positive match, for a designated or listed party, during the screening process, the law firms shall immediately halt all transactions to avoid committing an offence. These obligations are also specified and detailed in the respective manuals of the law firms.

Screening of clients is conducted by all law firms upon on-boarding of clients, whenever there is a change in BO/UBO information and also whenever there are any changes in the UN lists. Periodic screening should also be performed for both transactions and clients, including those in the 'non-prescribed activities' category.

All law firms have a database specifying the method and dates of screening. Law firms have provided evidence of screening of clients. For those who did not have a properly detailed database, a timeline had been agreed on and needful has already been done. Law firms who perform screening manually, as opposed to using computer softwares, were asked to demonstrate the process during the On-site inspection exercises.

Reporting to the National Sanctions Secretariat (NSSec) and relevant Supervisory Authority.

The requirements under **Section 25** of the **UN Sanctions Act** which deals with reporting to the NSSec and the AGO (being their regulatory body) was initially the most problematic part regarding TFS obligations. Whilst the majority of the law firms had understood and duly complied with the obligations, two law firms were not complying with the obligations and were not filing their *nil returns* to the regulatory body. A compliance letter has been sent to each law firm and the AGO also enlightened those law firms on the legislative requirements. The law firms are now compliant, thus not warranting any further action from the AGO.

Amendments have been made to the existing Guidelines so as to offer clarification on reporting obligations, in particular, '*nil return*'. The amended Guidelines have already been published on the website of the AGO⁴.

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<https://attorneygeneral.govmu.org/Documents/Law%20Firms/AMLCFTdocuments/LEGALPROFESSIONALSGUIDELINES%2010.01.2022.pdf>

Independent Audit regarding TFS

Regulation 22(1)(d) of the **Financial Intelligence and Anti Money Laundering Regulations 2018 (FIAML Regulations)** requires law firms to carry out Independent Audits.

As such, law firms falling under the purview of the AGO were recommended to carry out an Independent Audit which encompasses TFS by the end of July 2021. One law firm, although having conducted an Independent Audit, the audit report omitted TFS. The deficiency was brought to the attention of the law firm and the audit report was duly amended to include TFS within the given timeframe.

To date, all law firms have acknowledged timeline in their respective Action Plans and have already conducted an Independent Audit which includes TFS. Law firms have provided their respective audit reports to the AGO.

The AGO continues to work in collaboration with the law firms in order to meet the Financial Action Task Force (FATF) Standards and national laws.

It is to be noted that the findings outlined above resulted in a compliance letter where TFS was flagged as a deficiency.

General observation

Trainings

Additionally, the AGO noted that all law firms have received training in regards to TFS. Course materials and attendance records were provided by the law firms to ascertain their understanding following the trainings received.

Only one law firm did not attend trainings for AML/CFT obligations in general, including TFS, which had been organized by the AGO, nor had it received independent AML/CFT trainings. The law firm was issued with a deficiency letter to which the law firm did not respond, therefore a warning letter was issued. The law firm subsequently complied with training requirements to the satisfaction of the AGO, in line with **Regulation 22(1)(c)** of the **FIAML Regulations**.

Conclusion

The AGO remains relentless in ensuring that the law firms remain compliant with their obligations under the law and relevant guidelines. The AGO has adopted a collaborative approach with its licensees and hopes that this collaboration and cooperation will continue.