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To all Banks, Bureaux de Change, Housing Finance Company Limited, Development Bank of Seychelles, Seychelles Credit Union and Payment Service Providers/Operators

Customer Due Diligence measures, ongoing monitoring and suspicious transactions reporting

The Central Bank of Seychelles (CBS) deems it necessary at this point in time to emphasise the obligations of reporting entities under its supervisory mandate vis-à-vis Customer Due Diligence (CDD) measures, ongoing monitoring of business relationships/transactions and reporting of suspicious transactions considering the negative media attention regarding Seychelles and significant implications of money laundering events. Safeguarding the integrity and soundness of the Seychelles' financial sector remains a fundamental objective of the CBS. Accordingly, reporting entities are hereby reminded of their obligations under the Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020 (AML/CFT Act) and the Anti-Money Laundering and Countering the Financing of Terrorism Regulations, 2020 (AML/CFT Regulations). Reporting entities are strongly urged to fulfil their responsibilities diligently and at all times, to demonstrate compliance with these requirements. Reporting entities are being called upon to pay particular attention to the below requirements.

Section 35 of the AML/CFT Act imposes obligations on a reporting entity to conduct CDD measures vis-à-vis its customers, business relationships and transactions as well to perform ongoing monitoring of its business relationships, clarifying what these CDD measures should entail. Section 49(1) of the AML/CFT Act further instructs application of CDD measures upon the conduct of one-off transactions, when the reporting entity has doubts on the veracity or adequacy of documents, data or information obtained for the purpose of identifying or verifying a customer or when there is reasonable suspicion of money laundering (ML), terrorist financing (TF) activities or other criminal conduct. The extent of CDD by a reporting entity should be informed by the level of ML/TF risks that the customer can potentially bring to its business. A reporting entity should continue to monitor its customer activities and transactions on an ongoing risk-sensitive basis and in line with the requirements of section 46 of the AML/CFT Act.

Of note, section 36(1) of the AML/CFT Act requires application of Enhanced Due Diligence (EDD) and enhanced ongoing monitoring in all instances where a reporting entity knows or has reasonable grounds to believe that a customer or a beneficial owner of a customer, whether

residing in or outside of Seychelles, is a Politically Exposed Person (PEP). Particular attention should be given to the definition of PEP under sections 36(2) to 36(5) of the aforementioned Act which also includes PEP categorisation on the basis of immediate family and close association. Section 41 of the AML/CFT Act and Regulation 16(1) of the AML/CFT Regulations further require application on a risk-sensitive basis, EDD measures and enhanced ongoing monitoring in other circumstances which by their nature present a higher risk of ML, TF or other criminal conduct including business relationship with persons from, and transactions in high risk jurisdictions. Regulation 16(4-5) of the AML/CFT Regulations prescribes measures that should be considered as part of EDD.

In consideration of all the above and pursuant to section 48(1) of the AML/CFT Act, a reporting entity is required to submit a Suspicious Transaction Report (STR) to the Financial Intelligence (FIU) within the prescribed timeframe and format in the event that it holds reasonable grounds to suspect that a service, transaction, money or property is connected to the commission of ML, TF or other criminal conduct. In addition, where the reporting entity holds information that may be relevant to an act preparatory to an offence or to money/property referred above, or possesses information that may be relevant to an investigation/prosecution of a person for an offence mentioned above, or otherwise holds information that may be of assistance in the enforcement of the AML/CFT Act or the Proceeds of Crime (Civil Confiscation Act), an STR should also be filed to the FIU within the stipulated deadline.

CBS hereby cautions that failure to comply with the above requirements shall lead to CBS taking relevant enforcement actions as provided for under applicable legislations.

CBS counts on your co-operation.

Yours sincerely,

 Caroline Abel
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C. Abel (Ms.) DocuSign
Governor