
**THE ANTI MONEY LAUNDERING AND PROCEEDS
OF CRIME ACT, NO. 10 OF 2009**

**THE ANTI MONEY LAUNDERING AND PROCEEDS OF CRIME
(AMENDMENT) REGULATIONS, 2023**

(Made under section 87)

REGULATION

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(Made under section 87)

IN EXERCISE of the powers conferred upon me under section 87 of the Anti Money Laundering and Proceeds of the Crime Act, No. 10 of 2009, I, **DR. SAADA MKUYA SALUM**, Minister of State, President's Office, Finance and Planning, do hereby amend the Anti-Money Laundering and Proceeds of the Crime Regulations, 2022 as follows:

**PART ONE
PRELIMINARY PROVISIONS**

Short title
and
commen-
cement.

1. These Regulations may be cited as the Anti Money Laundering and Proceeds of Crime (Amendment) Regulations, 2023 and shall come into operation after being signed to by the Minister and published in the Gazette.

Construction.

2. These Regulations shall be read as one with the Anti-Money Laundering and Proceeds of the Crime Regulations, 2022 which in these Regulations shall be referred to as the "Principal Regulations"

**PART TWO
AMENDMENT PROVISIONS**

Amendment
of regulation
2.

3. Regulation 2 of the Principal Regulations is amended by:

(a) adding the interpretation of a new word in the appropriate place according to the alphabetical order as follows:

"prominent public function" includes Heads of State, Heads of Government, Ministers and Deputy Ministers, members of the House of Representatives, Heads and Senior political party officials and members of the governing

bodies of political parties, Judges, members of the Boards of Directors of any public entity, Ambassadors, Deputy Ambassadors, high ranking officers in the armed forces, members of the administrative management or supervisory bodies of state or public enterprises, Directors, Deputy directors and members of the board or equivalent function of an International Organization;"; and

(b) repealing and replacing the word "terrorist financing" as follows:

"terrorist financing" has the meaning as ascribed to it in the Act;".

4. Regulation 8 of the Principal Regulations is amended by adding new sub regulations (6), (7), (8), (9), (10), (11), (12) and (13) immediately after sub regulation (5) as follows:

Amend-
ment
of
regulation
8.

"(6) For customers that are legal persons, the reporting person shall identify and take reasonable measures to verify the identity of beneficial owners through the following information:

- (a) the identity of the natural person who ultimately has a controlling ownership interest in a legal person and to the extent that there is doubt as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control of the legal person or arrangement through other means; and
- (b) where no natural person is identified, the identity of the relevant natural person who holds the position of senior managing official.

(7) For customers that are legal arrangements, the reporting persons shall identify and take reasonable measures to verify the identity of beneficial owners through the following information:

- (a) for trusts, the identity of the settlor, the trustee, the protector if any, the beneficiaries or class of beneficiaries and any other natural person exercising ultimate effective control over the trust including through a chain of control or ownership;
- (b) for other types of legal arrangements, the identity of persons in equivalent or similar positions.

(8) For beneficiaries of life insurance policies, in addition to the customer due diligence measures, required for the customer and the beneficial owner, the reporting person shall conduct the following CDD measures on the beneficiary of life insurance and other investment related insurance policies, as soon as the beneficiary is identified or designated:

- (a) for a beneficiary that is identified as specifically named natural or legal persons or legal arrangements, taking the name of the person;
- (b) for a beneficiary that is designated by characteristics or by class or by other means, obtaining sufficient information concerning the beneficiary to satisfy the financial institution that will be able to establish the identity of the beneficiary at the time of the payout;
- (c) take reasonable measures to determine whether the beneficiaries or the beneficial owner of the beneficiary are politically exposed persons at the time of the payout and where higher risks are identified, the reporting person shall inform senior management before the payout of the policy proceeds, to conduct enhanced scrutiny on the whole business relationship with the policy holder, and consider making a suspicious transaction report; and
- (d) for both the above cases, the verification of the identity of the beneficiary should occur at the time of the payout.

(9) A reporting person shall include the beneficiary of a life insurance policy as a relevant risk factor in determining whether enhanced CDD measures are applicable and the reporting person determines that a beneficiary who is a legal person or a legal arrangement presents a higher risk, the reporting person shall take enhanced reasonable measures to identify and verify the identity of the beneficial owner of the beneficiary, at the time of payout.

(10) A reporting person shall verify the identity of the customer and beneficial owner before or during the course of establishing a business relationship or conducting transactions for occasional customers or may complete verification after the establishment of the business relationship, provided that:

- (a) this occurs as soon as reasonably practicable;
- (b) this is essential not to interrupt the normal conduct of business; and
- (c) the money laundering, terrorist financing or proliferation financing risks are effectively managed.

(11) A reporting person shall apply customer due diligence requirements to existing customers on the basis of materiality and risk and to conduct due diligence on such existing relationships at appropriate times, taking into account whether and when customer due diligence measures have previously been undertaken and the adequacy of data obtained.

(12) Where a reporting person is unable to comply with relevant customer due diligence measures, he shall:

- (a) not open the account, commence business relations or perform the transaction or shall terminate the business relationship; and
- (b) consider making a suspicious transaction report in relation to the customer.

(13) In case the reporting persons forms a suspicion of money laundering, terrorist financing or proliferation financing and he reasonably believes that performing the customer due diligence process will tip off the customer, he may not pursue the customer due diligence process and file an STR.”.

Addition of
a new
regulation
8A.

5. The Principal Regulations are amended by adding a new regulation 8A immediately after regulation 8 as follows:

“Ongoing
customer due
diligence.

8A. In conducting an on going customer due diligence pursuant to section 10C (1)(b) of the Act, the reporting person shall perform ongoing due diligence of the business relationship by:

- (a) scrutinizing transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the reporting person’s knowledge of the customer, their business and risk profile, including where necessary, the source of funds; and
- (b) ensuring that documents, data or information collected under the customer due diligence process is kept up to date and relevant by undertaking reviews of existing records, particularly for higher risk categories of customers.”.

Amendment
of regulation
10.

6. Regulation 10 of the Principal Regulations is amended by:

- (a) re numbering regulation 10 as 10 (1);
- (b) adding new paragraph (g) immediately after paragraph (f) as follows:

“(g) proportionate to the risks, business relationships and transactions with natural and legal persons and other reporting persons from countries for which this is called for by the FATF.”; and

(c) adding new sub regulations (2) and (3) as follows:

“(2) Counter measures proportionate to the risks shall apply in Zanzibar;

(a) when called upon to do so by the FATF; and

(b) independently of any call by the FATF to do so.

(3) Competent authorities shall issue guidelines on measures to ensure that reporting persons are advised on concerns about weaknesses in the anti money laundering, counter terrorist financing and counter proliferation financing systems of other countries.”.

7. Regulation 13 of the Principal Regulation is amended by:

Amendment
of regulation
13.

(a) adding a new paragraph (c) immediately after sub regulation (4) (b) as follows:

“(c) any higher country risks are adequately mitigated by the group’s anti-money laundering and counter terrorism financing policies.”;

(b) adding a new sub regulation (4A) immediately after sub regulation (4) as follows:

“(4A) Reporting persons shall implement group-wide programs against money laundering, terrorists financing and proliferation financing which are applicable and appropriate to all branches and majority-owned subsidiaries of the financial group including the following:

(a) policies and procedures for sharing information required for the purposes of customer due diligence and money laundering, terrorist financing and proliferation financing risk management;

- (b) the provision, at group-level compliance, audit, or anti-money laundering, terrorist financing and proliferation financing functions, of customer, account, and transaction information from branches and subsidiaries when necessary for anti-money laundering, counter terrorist financing and counter proliferation financing purposes which shall include information and analysis of transactions or activities which appear unusual if such analysis was done by branches and subsidiaries shall receive such information from these group-level functions when relevant and appropriate to risk management; and
- (c) adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping off.”.

Amendment of regulation 38. **8.** The Principal Regulations are amended by adding new regulations 38 A and 38 B immediately after regulation 38 as follows:

“Non application of some FATF standards.

38A. Pursuant to Section 10A of the Act, competent authorities and reporting persons may not apply some FATF standard requiring reporting persons or designated non-financial businesses and Professions to take certain measures if satisfied that:

- (a) there is a proven low risk of money laundering, terrorist financing or proliferation financing and the non-application occurs in strictly limited and justified circumstances and it relates to a particular type of financial institution or activity, or designated non-financial businesses and professions; or
- (b) a financial activity, other than the transferring of money or value, is carried out by a natural or legal person on an occasional or very limited basis having regard to quantitative and absolute criteria such that there is a low risk of money laundering, terrorist financing and proliferation financing.

- Training. 38B.(1) A reporting person shall, at a minimum, provide annual training on the firm's policies and procedure, the relevant anti-money laundering, countering terrorist financing and countering proliferation financing laws and regulatory requirements.
- (2) The reporting persons shall have and maintain a culture and environment to support training that provides employees with the appropriate time to complete the training, whether time away from the office to attend training or uninterrupted time at the employee's desk to study or complete training.
 - (3) A reporting person shall provide training at least every twelve months and the FIU or supervisory authorities shall provide training at least bi-annually.
 - (4) The training required pursuant to this regulation shall be delivered in many ways and there shall be no one-size-fits-all approach to training.
 - (5) The reporting person shall ensure that employees are given the skills and expertise to understand money laundering, terrorist financing, and proliferation financing risks, control framework, and the opportunities to enhance their ability to practically apply their knowledge.
 - (6) Depending on the risk profile of the reporting person, tailored training may be required to help employees to better understand how anti-money laundering, countering terrorist financing and countering proliferation financing measures work in practice and the

environment shall be kept and maintained to enable employees to safely practice their skills.

(7) There shall be a training programs which may include:

- (a) mandatory online learning to deliver knowledge to a large or disparate group of employees;
- (b) regularly given training provided in-house weekly, monthly or otherwise on how to recognize and deal with money laundering, terrorist financing and proliferation financing transactions and other activities;
- (c) a broad range of training solutions that can be acquired or designed to meet specific anti-money laundering, countering terrorist financing and countering proliferation financing needs;
- (d) annual refresher training;
- (e) targeted training for high-risk roles led by a risk-based assessment;
- (f) remediation or remedy plan to ensure that employees have the appropriate skills and expertise to carry out their role to the required standard; and
- (g) practical application of the procedure or requirement.

(8) The records of completed trained employees shall be maintained and regular analysis shall be made on the employees' training to ensure training program is kept up to date.

(9) Training shall not only be directed to employees, but to anyone who has an impact

on the risk framework, including third parties.”.

SIGNED on this 18th day of January, 2023

(DR. SAADA MKUYA SALUM)
THE MINISTER OF STATE, PRESIDENT'S OFFICE
FINANCE AND PLANING
ZANZIBAR

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