



Anti-money laundering and counter-terrorist financing measures

Union of the Comoros

MAY 2024

**Mutual Evaluation
Report**





The Inter-Governmental Action Group against Money Laundering (GIABA) is a specialized institution of ECOWAS and a FATF Style Regional Body that promotes policies to protect member States financial system against money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter terrorist financing (CTF) standard.

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EXECUTIVE SUMMARY

1. This document presents the Anti-money Laundering and Counter Financing of Terrorism (AML/CFT) measures in force in The Union of the Comoros as at the time of the on-site visit conducted from 12th to 26th July 2023. It provides an analysis of the level of compliance with the FATF 40 Recommendations and the effectiveness of The Union of the Comoros' AML/CFT regime, and proffers recommendations designed to strengthen the regime.

General Conclusions

- a. The Union of the Comoros launched its national ML/FT risk assessment in October 2019 through an inclusive process that culminated in June 2023 into the adoption of the NRA report by the Comorian government. The relatively protracted NRA process could be attributed not only to the Covid-19 health-related measures, but also to the challenges related, among other things, to the lack or unavailability of AML/CFT data and statistics. Furthermore, the Union of Comoros has shared the findings of the NRA with AML/CFT stakeholders (LEAs, regulatory authorities, self-regulatory authorities, FIs, DNFBPs and other relevant AML/CFT actors) electronically, through physical correspondence and also through dissemination workshops in the three Islands. However, due to the recent nature of the NRA, the Comorian authorities' understanding of AML/CFT threats and vulnerabilities is average, with the exception of the Comorian Central Bank (BCC) and the FIU, which have demonstrated a fairly good understanding. The NRA findings and conclusions are not used by the relevant competent authorities in defining their objectives and conducting their activities.
- b. The predicate offences identified by the country and corresponding to the major threats to ML are fraud, corruption, trafficking in narcotic drugs and psychotropic substances, currency counterfeiting and tax or bank fraud. with regard to TF, the major risk factors identified are the involvement of Comorians in terrorist acts committed abroad; the geographical position of the Union of the Comoros, which is relatively close to certain countries that harbour hotbeds of terrorism; and funding flows from faith-based foundations in the Middle East that support educational and faith-based activities in the Union of the Comoros. In view of the risk profile and context of The Union of the Comoros with a predominant informal sector and excessive use of cash in economic transactions, the lack of a financial inclusion strategy and the lack of specific ML and/or TF risks assessments related to legal persons, and virtual assets and virtual asset service providers, NPOs as well as other areas of high risk including corruption, human trafficking and environmental crime, constitute major deficiencies for the country.
- c. The national AML/CFT strategy document developed by the Union of Comoros and planned to cover the period from 2023 to 2027 was approved by the country's political authorities in June 2023. However, the risk-based approach does not seem to have been applied in the implementation of such a strategy. Indeed, the high-risk areas or sectors in the NRA report have not been given greater treatment through the clear and specific definition of mitigating measures and priority allocation of the resources mobilized.
- d. The National Committee established in 2012 coordinates AML/CFT activities and policies at national level. It supervised the NRA and development of the national AML/CFT strategy. However, it is not representative enough of all AML/CFT stakeholders, as it does not include the supervisory authorities, the Law Enforcement Authorities, and the private sector. Nor does it have the resources (human, financial, material) needed to perform its functions effectively. There is no national cooperation framework to combat the

financing of the proliferation of weapons of mass destruction.

- e. The Comorian system gives the Financial Intelligence Unit access to a certain quantum of information that enables it to process the financial information it receives from reporting entities. It also gives the investigative authorities easy access to information or intelligence from the FIU and other State departments. However, access to information or intelligence is more difficult with Financial Institutions. Besides, the five-day response timeline set by Act No. 12-008/AU on AML/CFT does not seem to be very restrictive, particularly when dealing with any urgent TF-related STR, for example.
- f. The FIU receives ML-related STRs and incomplete information on cross-border physical cash transportation reports. The FIU does not receive cash transaction reports from reporting entities and all the STRs are filed by FIs, as the DNFBPs are yet to submit any STRs. Based on the information received, the FIU's analyses reveal that reports have been forwarded to the State Prosecutor and lawsuits initiated that have so far not resulted in any adjudication or conviction for ML/TF or other predicate offences. However, the FIU's human and technical capacity is very limited to carry out an appropriate analysis of the few STRs it receives and produce useful and timely financial intelligence for the law enforcement authorities in the fight against financial crime. Nor is there any TF-related dissemination.
- g. ML investigations and prosecutions in the Union of the Comoros are not based on any prioritization policy. Not only are the law enforcement authorities (LEAs) not specialized in ML issues, they are not adequately trained to effectively conduct ML investigations, hence the lack of systematic resort to parallel financial investigations. The Comorian authorities have only obtained one conviction for ML, which reveals the types of cases of self-laundering, third-party laundering and stand-alone money laundering. This conviction does not relate to any offence identified in the NRA as a major threat to ML in the Union of the Comoros with regard to the conviction verdict. The major threats posed by ML, i.e. fraud, forgery, breach of trust, drug trafficking and embezzlement of public funds, have not been the subject of any parallel financial investigation of ML, even though they appear in the investigations and convictions relating to the predicate offences. The assessment team noted that, in addition to the challenge of human and material resources, ML investigations are hampered by corruption within LEAs in the Union of the Comoros.
- h. The country has an adequate legal framework for tracing and identifying the proceeds and instrumentalities of crime with a view to confiscation. However, confiscation is not established as a criminal policy objective in the Union of the Comoros and LEAs are inadequately trained in seizure and confiscation. LEAs do not adequately identify and trace for confiscation assets linked to criminal activity committed abroad and do not cooperate with their foreign counterparts in order to identify and trace assets linked to criminal activity committed in the Union of the Comoros. Non-declarations and false declarations of cash and bearer negotiable instruments (BNIs) in excess of the prescribed threshold are not detected by customs and declaration data for amounts in excess of the threshold are not likely to be analysed by the FIU despite the ML/TF risks associated. The country does not have an effective mechanism for the recovery and management of seized and confiscated assets other than precious metals and cash.
- i. The Union of the Comoros' TF-related legal framework meets international standards and criminalizes TF. However, LEAs are yet to identify any TF-related case. The LEAs have a poor understanding of TF cases and lack the resources and training in parallel financial investigations to investigate and prosecute TF cases.
- j. The Union of the Comoros has a legal and institutional framework that is more or less in line with the FATF and international standards for the implementation of Targeted Financial Sanctions related to terrorist financing and the proliferation of weapons of mass destruction, adopted under the relevant UNSC Resolutions. However, the dissemination of TFS lists relating to persons likely to hold assets and other resources belonging to designated persons and entities is not done without delay due to a publication and notification mechanism that does not allow for TFS implementation without delay.

- k. The reporting entities are not adequately aware of TFS, nor have they received any guidelines to help them fully understand and implement their TFS obligations related to TF and especially PF.
- l. Regarding preventive measures, the Union of Comoros has a generally satisfactory legal and regulatory framework for AML/CFT. Except for banks belonging to a regional or international group, which have a fairly good understanding of their ML/TF risks, FIs are unaware of their risks or have a limited understanding of them because they have not conducted any institutional risk assessment. Banks and DFIs have a good understanding of AML/CFT obligations, while the other categories of FIs, apart from insurance companies that have none, have only a limited understanding. Due diligence measures are not effectively implemented in line with the risks identified, be it at national level or within FIs, which have conducted internal assessments and developed risk mappings. By and large, the DNFBPs do not have a good understanding of their AML/CFT risks and obligations, and consequently do not implement customer due diligence measures in line with the risks identified. They have not issued any STRs over the period spanning 2018-2022. The major contributors of STRs filed to the FIU are banks, DFIs and Financial Intermediaries.
- m. With the exception of the insurance sector, the Central Bank of the Comoros (BCC) supervises and monitors all other financial institutions. Given the diversity of risk profiles and the number of FIs under its supervision, the BCC does not have adequate resources (human, material, technical) to effectively monitor the implementation of AML/CFT obligations in the business sectors it supervises. As for the insurance sector, the country has not designated any competent authority responsible for AML/CFT supervision.
- n. For all categories of DNFBPs, AML/CFT supervisory authorities have not been designated in accordance with the provisions of the AML/CFT Law in the Union of the Comoros (art. 24 para. 1 of Law n°12-008/AU). AML/CFT supervision is therefore not effective in the DNFBP sector.
- o. The transparency of legal persons in the Union of the Comoros is governed by the OHADA Uniform Act on Commercial Company Law and Economic Interest Groups (ADSCGIE). Indeed, the basic information on legal persons contained in the RCCM/Companies and Personal Assets Register and on the website of the ANPI/Investment Promotion Agency is accessible to the public without delay, including the monitoring and supervisory authorities, the investigative authorities and the FIU. However, the accuracy and update of such data is not guaranteed. Furthermore, there is no mechanism for identifying the beneficial owners of legal persons other than those that are customers of banks and certain DNFBPs, particularly lawyers and notaries. Legal arrangements are regulated in the Union of the Comoros, but the country does not recognize their material existence. Furthermore, there is no defined mechanism for collecting, centralizing and making accessible basic information on the beneficial owners of legal arrangements, without delay. Timely access to adequate, accurate, and up-to-date basic information on legal arrangements and their beneficial owners faces the challenge of recognizing their material existence.
- p. The Union of the Comoros has more or less a legal and institutional framework that allows it to offer the widest possible range of international cooperation. Such cooperation is based on bilateral and multilateral agreements, exchanges of financial intelligence through its FIU and other forms of cooperation, in particular with law enforcement and investigative authorities. However, the lack of mechanisms for managing and monitoring the execution of requests received and the limited number of cooperation agreements signed by the country compromise the timely execution of mutual legal assistance requests and therefore the effectiveness of the international cooperation offered by the Union of Comoros. Furthermore, the lack of a mechanism to collect information on the beneficial owners of legal persons and legal arrangements compromises the country's capacity to exchange basic information on these beneficial owners.
- q. The non-designation of a competent authority for mutual legal assistance and the lack of mutual legal

assistance requests sent by the Union of Comoros to third countries over the last five years prove that the country does not prioritize the use of international cooperation to investigate ML/TF and related predicate offences. However, the law enforcement authorities do cooperate spontaneously, to a lesser extent, and on an ad hoc basis with their counterparts in neighbouring countries to seek out and arrest individuals suspected of involvement in criminal activities.

Risks and General Situation

2. The Union of the Comoros faces a medium-high risk of ML (NRA). The major predicate ML offences are related to fraud, corruption, trafficking in narcotics and psychotropic substances, currency counterfeiting, and tax or bank fraud. Other threats have been identified as emerging, namely gold trafficking and migrant smuggling. Fraud, which is the dominant offence in Comoros, takes several forms, including illegal sales of landed assets caused by the systematic failure to register land. This type of offence accounts for 60% of court cases and is of concern to the political and judicial authorities, particularly the Moroni Prosecutor's office. Other forms of fraud are linked to the trafficking of visas and false documents, of which many would-be emigrants to Europe fall victim. In addition, new forms of fraud have emerged in the Comoros, notably the Ponzi scheme, which lures victims by providing them substantial gains on their initial investments in record time; and gold fraud, which involves the sale of costume jewellery to customers, as well as the pledging of fake gold to microfinance institutions. Drug trafficking in the Comoros is based on the transportation and sale of cannabis from Tanzania and Madagascar; heroin and cocaine are illegally imported from Tanzania and Madagascar by sea. Human trafficking and migrant smuggling are also on the increase. Corruption is a widespread offence in the Union of the Comoros, even though the country has no statistics to give an idea of the scale of the problem. Over the past 5 years, the corruption perception index has steadily deteriorated. What's more, the authorities have dissolved the National Anti-Corruption Commission (CNPLC). The Assessment team was not informed of the reasons for the dissolution. This situation constitutes a serious vulnerability, as the now defunct CNPLC had forwarded 55 reports to the State Prosecutor between 2011 and 2016, 2 of which led to preventive detentions during the investigation and pre-trial phases. However, no information is available on the fate of these cases. In 2023, the country adopted an anti-corruption law which provides for the creation of an anti-corruption Association within the accounts section of the supreme court. However, it should be pointed out that this law, which has already been adopted, has not been promulgated so that it can come into force before the end of the on-site visit.
3. Other predicate offences have also been identified in Comoros, including cybercrime, human trafficking, trafficking in stolen cars, mainly from France, and environmental crimes relating to the illegal trafficking of protected species (marine turtles, shark fins). Based on studies carried out by the Financial Intelligence Service (FIU), the Union of the Comoros is furthermore more exposed to ML of the proceeds of crimes committed abroad. However, there is no overall estimate of the value of the proceeds of these criminal activities and the NRA offers little information on the laundering methods used.
4. The Union of the Comoros has not recorded any terrorist attacks. Therefore, there is no information revealing the existence of active or dormant terrorist cells in the country. However, terrorist activity has been noted in some countries in the region, notably Tanzania, Mozambique, Kenya and Somalia. According to the NRA, some countries in the East African region and elsewhere in the world have in the past experienced terrorist attacks involving Comorian nationals.
5. With regard to the Financing of Terrorism (TF), the NRA identifies as major threats the financing of religious and charitable organizations and activities by international partners, as well as by informal trade and other income-generating activities carried out internally by certain members of fundamentalist religious trends. TF's threat could also come from the financing of certain Islamic charities and/or educational organizations. This was particularly the case with the Saudi-based Al-Haramain Foundation, known for its logistical support for Al-Qaeda during the attacks on the US embassy in Nairobi in August 1998.

6. The status of the Union of the Comoros as an archipelago is an attractive factor for the financing of proliferation (FP) via merchant navy activities. However, the Union of Comoros has no diplomatic relations with the DPRK and has no trade relations with that country, thus preventing the direct or indirect supply, sale or transfer of any items that could contribute to its nuclear programme, ballistic missile programme or other weapons of mass destruction programmes.
7. The size of the informal economy is one of the major vulnerabilities of the Comoros insofar as transactions are made in cash and pose a traceability challenge. These uncontrolled financial flows are used in real estate transactions and may also increase the country's vulnerability to TF.

Overall level of compliance and effectiveness

8. The Union of the Comoros has made great efforts supported by a clear political will to implement its AML/CFT regime.
9. In terms of technical compliance, the Union of the Comoros has an AML/CFT legal framework that continues to be strengthened. Since its first evaluation in 2009, the Union of the Comoros has undertaken numerous legislative and institutional reforms to improve its legal framework. The most notable of these are the adoption of the law on anti-money laundering and combating the financing of terrorism in order to correct the deficiencies identified by the 2009 mutual evaluation, the adoption of the new Penal Code which criminalized predicate offences which had not yet been criminalized, the adoption of the law on the organization of the judiciary which established the economic and financial judicial centre; the adoption of the law on combating terrorism, which established an anti-terrorist unit, the adoption of a Decree reinforcing the organization and operation of the Financial Intelligence Unit, and the adoption of the Decree on the system and procedures for implementing the FIU. On the preventive front, the Central Bank has strengthened its AML/CFT regime and issued regulations and guidelines for reporting entities. In terms of policy design, a national assessment has been carried out, leading to the adoption of a national AML/CFT strategy. It is hoped that the implementation of such a strategy will enable the Union of the Comoros to address the remaining gaps in its AML/CFT regime. Significant gaps remain in the supervision of NPOs, new technologies, and the regulation and supervision of DNFBPs. Other moderate gaps are outstanding in AML/CFT policy and coordination, targeted financial sanctions, preventive measures, financial intelligence and international cooperation.
10. In terms of effectiveness, the authorities' efforts have so far produced only minimal results. The country's ML/TF risk assessment has led to some understanding of these risks and to the development of a national AML/CFT strategy, some actions of which have been implemented. Financial intelligence has not been used to investigate and prosecute ML with a view to obtaining convictions and confiscations consistent with the country's risk profile. Targeted financial sanctions have not yet been implemented within the required timeframe. Controls are not being carried out on all the reporting entities to ensure effective implementation of preventive measures. Not all opportunities for international cooperation are being exploited in the fight against ML/TF. Overall, fundamental improvements are required to enhance the country's level of effectiveness in all eleven (11) areas covered by the FATF standards.

Risk Assessment, Policy Design and Coordination (chapter 2, IO.1, 2, 33 & 34)

11. The Union of the Comoros concluded its NRA process launched in October 2019 with the adoption of the NRA report by the country's authorities on 7th June 2023. Conducted in an inclusive manner with the financial support of the Common Market for Eastern and Southern Africa (COMESA) and technical support from the World Bank, the process was seriously disrupted by health measures related to Covid-19 and challenges related to the lack or unavailability of statistical data or non-exhaustive data in the field of AML/CFT. This situation had a negative impact on the conclusions and results obtained but did not call into question the soundness of the process. With regard to the ML risks in the Union of the Comoros, the NRA report places the overall ML threat and the national ML vulnerability at a medium-high level and concludes that the Union

of the Comoros is exposed to a medium-high ML risk. With regard to TF, the NRA report highlights a medium risk resulting from a moderately low TF threat and a high level of vulnerability to TF.

12. Despite the dissemination of the findings, and findings of the NRA report to stakeholders and reporting entities electronically, physically and through workshops, the understanding of threats and vulnerabilities at national and sectoral levels is still limited within the competent authorities, with the exception of the BCC and FIU. This situation is inimical to the implementation of the risk-based approach by the country's competent authorities, including the supervisory authorities and law enforcement authorities, which do not incorporate the ML/TF risks identified in the NRA into the definition of their objectives and the conduct of their activities. Similarly, the risk-based approach has not been applied in developing the national AML/CFT strategy document validated by the Comorian authorities, as high-risk areas or sectors have not been dealt with more effectively through the clear and precise definition of mitigating measures and a priority allocation of the resources mobilized.

13. Since 2012, the Union of the Comoros has had a national AML/CFT committee in charge of national AML/CFT policy development, coordination and implementation. However, the committee's membership is limited to representatives of a few strategic ministries and the Financial Intelligence Unit. The lack of supervisory authorities, law enforcement and investigative authorities and the private sector (self-regulatory bodies or professional bodies of reporting entities) from the committee is a major deficiency of the national framework for developing and implementing AML/CFT policies. In addition, the national committee is still largely dependent on the Financial Intelligence Unit and does not have adequate resources (human, financial, material and technical) of its own to perform its tasks effectively.

Financial intelligence, investigation, prosecution and confiscation in ML (Chapter 3; IO.6, 7, 8; R.1, 3, 4, 29-32)

Use of financial intelligence (Immediate Outcome 6)

14. The legal framework of the Union of the Comoros allows the Financial Intelligence Unit and the competent authorities, including the LEAs, to access a wide range of financial intelligence and information. The FIU receives and analyses STRs filed exclusively by the reporting entities in the financial sector, as well as cash and BNI reports received from Customs. However, the FIU does not receive systematic reports of cash transactions above a certain threshold. The system enables it to access additional information from the reporting entities and the State department, to carry out operational and strategic analyses, and to disseminate information to the competent authorities. The Comorian FIU is authorized to collaborate and exchange information with national AML/CFT stakeholders and with foreign FIUs. As far as the LEAs are concerned, they may access to the maximum quantum of information and financial intelligence, particularly for use in parallel ML/TF investigations and investigations into related predicate offences.

15. However, deficiencies in the FIU's operational and strategic analysis of the STRs and other financial information it receives compromise its ability to produce timely and useful financial intelligence for ML/TF investigations and predicate offences associated. As a result, the financial intelligence produced by the FIU is primarily intended for judicial authorities and little used by LEAs and other competent authorities to support their operational needs. The use of this financial intelligence has led to the detection of few ML cases and no TF cases at all, as the FIU's disseminations relate only to ML and the predicate offences. Also, the number of strategic notes produced by the FIU is very low compared with the ML/TF risks identified. The FIU, which is not a member of the EGMONT Group, has signed few cooperation agreements with its foreign counterparts and makes little use of requests for information from foreign FIUs when dealing with STRs received. The protection of the confidentiality of information received by the FIU and exchanged with other AML/CFT stakeholders is limited by the fact that its members and correspondents are not sworn in by public authorities, and its staff do not have non-disclosure agreements.

ML investigations and prosecutions (Immediate Outcome 7)

16. The Comorian legal framework provides for a combination of methods of ML offence that covers certain categories of specified predicate offences and extends to all crimes and misdemeanors, including tax fraud. The ML applies to any assets representing directly or indirectly the proceeds of the offence. The Comorian authorities have obtained only one ML conviction which relates to the types of cases of self-laundering, laundering by a third party and stand-alone money laundering. The conviction does not relate to any of the major threats identified in the NRA. The major threats to ML (fraud, forgery, breach of trust, drug trafficking, corruption and embezzlement of public funds) have not been the subject of ML convictions, although they do appear in criminal investigations and prosecutions and in convictions relating to the predicate offences. The national policy and strategy document of the Union of Comoros prioritizes ML investigations and prosecutions, but this has not been implemented. The LEAs of the Union of Comoros are not adequately trained to conduct effective parallel ML financial investigations and only investigate predicate offences. ML investigations are also hampered by corruption within the LEAs.

Confiscation (Immediate Outcome 8)

17. The union of the Comoros' legal framework allows for the confiscation of the proceeds and instrumentalities of crime. However, there is no mechanism for recovering and managing seized and confiscated assets other than precious metals and cash. LEAs inadequately identify and trace for seizure and confiscation assets linked to criminal activity committed abroad and do not cooperate with their foreign counterparts to identify and trace assets linked to criminal activity committed in the Union of the Comoros. Non and false declarations of cash and BNI exceeding the prescribed threshold of FC 5 million (i.e. €10,162) are not detected by customs and data on declarations of amounts exceeding the threshold are not likely to be analysed by the FIU despite the associated ML/TF risks. The lack of statistical data on seizures and confiscations concerning offences that constitute the major threats to ML makes it impossible to assess the consistency between the results achieved and the risks of ML/TF and national AML/CFT policies and priorities.

Terrorism and proliferation financing (Chapter 4; IO.9, 10, 11; R. 1, 4, 5-8, 30, 31 and 39)

TF investigation and prosecution (Immediate Outcome 9)

18. TF is a criminal offence in the Union of the Comoros in accordance with the United Nations Convention for the Suppression of TF and its annexes. The LEAs have all the prerogatives to investigate and prosecute TF. However, no cases of TF have been identified, prosecuted and convicted in line with the country's risk profile due to inadequate training, material and financial resources, and sensitization on the types of TF cases according to the risk profile. The Union of the Comoros does not have a national counter-terrorism strategy that includes TF investigations as a priority. With no conviction, the effectiveness of sanctions against natural and legal persons as well as the implementation of criminal, regulatory or other measures to discontinue TF activities where it is impossible to obtain a conviction for TF could not be assessed.

Preventing terrorists from collecting, moving and using funds (Immediate Outcome 10))

19. With Decree 23-074/PR of 25 July 2023, the Union of the Comoros now has a legal and institutional framework enabling it to implement to some extent the targeted financial sanctions related to the financing of terrorism adopted under the relevant UNSC Resolutions 1267 and subsequent, and 1373. Indeed, the Director of the Financial Intelligence Service of the Union of the Comoros has the power to implement the targeted financial sanctions under UNSCR 1267 and subsequent resolutions by deciding, by any means in writing, to freeze the funds and other economic and financial resources of the persons and entities designated under the said resolutions.

20. With regard to UNSCR 1373, the freezing decision shall be taken by order of the Minister of Finance without delay and without prior notification as soon as he decides to include a person or entity on the national list, whether on the country's own initiative or at the request of a third country.

21. However, due to the lack of precision on the nature and modalities of the freezing decision taken by the Director of the FIU, it is not possible to implement without delay all TFS related to TF taken under UNSCR 1267

and subsequent Resolution. Moreover, the dissemination of lists of TF-related TFSs to persons likely to hold assets and other resources belonging to designated persons and entities is not timely due to an inoperative and imprecise mechanism. The reporting entities in the financial sector have a fairly good understanding of their TFS obligations and some have IT solutions that enable them to access the sanctions lists and to screen their customer portfolios and enter into relationships. On the other hand, DNFBPs and some FIs, especially insurance, do not adequately understand their TFS obligations related to TF and are not supervised due to the non-designation of AML/CFT supervisory and monitoring authorities.

22. The Union of the Comoros has not assessed the NPO sector to identify the sub-category or sub-categories most exposed to misuse for TF purposes in order to apply risk-based supervision and monitoring. This sector, which is regulated by the Ministry of the Interior, is not subject to AML/CFT supervision and the players in the sector have no knowledge of their ML/TF risks and especially their risks of misuse for TF purposes.

Proliferation financing (Immediate Outcome 11)

23. With Decree 23-074/PR of 25th July 2023, the Union of the Comoros now has a legal and institutional framework enabling it to implement, to a certain extent, targeted financial sanctions related to proliferation financing.

24. This Decree, issued in application of the provisions of Laws N°12-008/AU on AML/CFT and N°21-004/AU on the prevention of terrorism and its financing and the financing of proliferation, gives the Director of the Financial Intelligence Unit of the Union of the Comoros the powers to implement targeted financial sanctions under the UNSCRs on the prevention of proliferation financing by deciding, by any means in writing, to freeze the funds and other economic and financial resources of the persons and entities designated under the said resolutions. However, as the nature and modalities of the act to be taken by the Director of the FIU are not clearly defined, it is impossible for TFS related to PF issued under the relevant UNSCRs, to be implemented without delay. Furthermore, with no clear and effective mechanism for the timely communication of UNSCRs' designations relating to the fight against PF to the reporting entities and any natural or legal persons likely to hold the assets of designated persons and entities, it is not possible to implement TFS related to PF, especially as DNFBPs and certain FIs have not been adequately sensitized on their relevant obligations and no relevant guidelines have been issued.

Preventive measures (Chapter 5; IO.4; R.9-23)

25. The Union of the Comoros has a generally satisfactory legal framework regarding preventive measures to be implemented by FIs. However, there are still gaps, particularly with regard to beneficial ownership identification, the application of due diligence to beneficiaries of life insurance policies, and the use and development of new technologies related to virtual assets; all of which have an impact on the country's level of technical compliance with regard to preventive measures.

26. Apart from banks belonging to an international or regional group that have a fairly good understanding of their ML/TF risks, other FIs have little or no understanding of their risks, due to a lack of institutional risk assessment. Regarding the implementation of AML/CFT obligations, banks and DFIs have a good understanding, while the understanding of other categories of FIs, with the exception of insurance companies which fail to understand, is limited. However, due diligence measures are not effectively applied in line with the risks identified at national level, nor across FIs that have carried out internal assessments and developed risk maps. The other FIs have not taken measures to satisfactorily mitigate ML/TF risks.

27. With the exception of insurance companies, the other FIs implement customer due diligence measures by identifying customers (including PEPs) when they enter into a relationship and by monitoring their transactions throughout the business relationship. Nevertheless, the identification of beneficial owners is not systematic in the Comoros, for want of a mechanism to do so, whether it concerns legal persons or PEPs. Furthermore, unlike other FIs, banks in general have software enabling them to check whether their customers or their transactions have a link with high-risk countries identified by the FATF, in comply with of which adequate due diligence is required. FIs

are also generally complying with their record-keeping requirements. Finally, with regard to reporting obligations, banks, DFIs and financial intermediaries are complying, as all STRs received by the FIU over the period spanning 2018-2022 were filed by these categories of FI.

28. The DNFBPs have demonstrated a good knowledge of the major threats in relation to their respective sectors of activity, due to: (1) their participation in the National Risk Assessment process; (2) their access to the report of that assessment; and (3) their participation in activities designed to disseminate the NRA findings organized by the FIU. However, the DNFBPs have a poor understanding of their AML/CFT risks insofar as none of them has identified its own risks and does not have an internal ML/TF prevention programme as required by the provisions of the AML/CFT law in force in the Union of the Comoros. Furthermore, they are unaware of their AML/CFT obligations. The implementation of preventive measures is therefore not effective, and this situation has a negative impact on the effectiveness of the AML/CFT regime in the Union of the Comoros, given the importance of their activities.

Supervision (Chapter 6; IO.3; R.14, R.26-28, 34, 35)

29. The BCC has a relevant legal and regulatory framework as well as several tools and procedures to verify and ensure that criminals or their accomplices do not have a significant stake in or control of licensed or authorized financial institutions. However, the BCC authorities would benefit from stepping up exchanges of intelligence and information with the FIU, the investigative authorities (police and gendarmerie), the judicial authorities and any other relevant competent authorities, to strengthen its mechanisms and procedures in order to overcome the challenges associated with identifying the beneficial owners of legal persons, which limit the effectiveness of the measures implemented.

30. The BCC's active involvement in the national risk assessment has given it a good understanding of the national threats and vulnerabilities identified in the NRA report. However, it has not demonstrated a good understanding of the ML/TF risks inherent in the reporting entities under its supervision. Overall, the BCC is not carrying out its AML/CFT supervision and monitoring duties on the basis of a proper identification and understanding of the risk profiles of the financial institutions under its supervision. Indeed, the BCC does not have adequate resources (human, material, technical and financial) to effectively apply risk-based supervision of ML/TF, given the number of FIs under its supervision and the diversity of their risk profiles.

31. In the insurance sector and all categories of DNFBPs, AML/CFT supervision is not effective due to the lack of supervisory authorities empowered in this area.

Transparency and beneficial ownership (Chapter 7; IO.5; R.24, 25)

32. The OHADA Uniform Act on the Law of Commercial Companies and Economic Interest Groups maps out the framework for the formation of the various types of legal persons, i.e. business companies. Information on the creation and types of legal persons, commercial companies, is made available to the public by APNI through its website and the commercial courts' RCCM administration. They are accessible to the public without delay, including supervisory, investigative and regulatory authorities and the FIU. The Union of the Comoros has not assessed the risks of the various types of legal persons established on its national territory. However, legal persons are misused because they are involved in STRs and have been subject to tax reassessments. Abuse is also related to the lack of information on beneficial owners in the RCCM. However, there is no control mechanism to ensure that the basic information contained in the MCCR is accurate and up to date. There have been no sanctions relating to the submission of inaccurate basic information and information on beneficial owners, or to the failure to submit such information without delay, against the directors of legal persons because of the lack of legal basis. The existence of legal persons is regulated in the Union of the Comoros. However, there is no defined mechanism for collecting, centralising and making accessible without delay, basic and beneficial ownership information of legal arrangements whose existence is not recognised in the country. Timely access to adequate, accurate and up-to-date basic information on legal arrangements and their beneficial owners faces the challenges of having their existence recognised.

International cooperation (Chapter 8; IO.2; R.36-40)

33. The Union of Comoros has an adequate legal and institutional framework for it to offer the widest possible range of international cooperation without delay through multilateral and bilateral agreements, and through exchanges of financial intelligence through its FIU and other forms of cooperation, notably with law enforcement authorities. However, the failure to designate a competent authority for mutual legal assistance and, above all, to allocate adequate dedicated human and material resources, as well as the limited number of bilateral agreements on judicial cooperation, limit the effectiveness of the Comorian AML/CFT regime in terms of mutual legal assistance and exchanges of information between competent authorities and their foreign counterparts.

34. In addition, the LEAs are neither sensitised nor trained to resort to mutual legal assistance during their criminal investigations and prosecutions. Furthermore, the virtual lack of statistics at all levels has prevented a proper assessment of the effective and efficient implementation of international cooperation in the Union of the Comoros. However, the Union of the Comoros has demonstrated a certain capacity to use informal international cooperation with more or less neighbouring countries to resolve transnational crime issues in at least two cases.

Priority actions

The Comorian authorities should:

- a. Ensure that risk assessments are consistent and that they are updated without delay in line with the country's risk profile and context characterized by the preponderance of the informal sector with its corresponding excessive use of cash in economic transactions. This exercise should take into account all sectors of activity or areas at risk and be based on an operational mechanism that can ensure the availability and exhaustiveness of information and statistical data relating to AML/CFT, which are essential for the proper conduct and quality of these assessments;
- b. Continue to share the NRA findings and conclusions by organizing in-depth discussion sessions with AML/CFT stakeholders, including FIs and DNFBPs, on the risks identified in the NRA. The aim is to ensure that the risks are thoroughly understood by all stakeholders and taken into account by the relevant competent authorities (supervisory and self-regulatory authorities, law enforcement authorities) when mapping out their objectives and conducting their activities;
- c. Strengthen and revamp the AML/CFT coordination and cooperation framework by applying the risk-based approach as the basis for the implementation of AML/CFT policies by extending the said framework to all relevant AML/CFT stakeholders from the public and private sectors, including to the authorities in charge of financial inclusion and by providing it with adequate resources (human, material, technical and financial) with a view to ensuring their participation in the implementation of the national AML/CFT strategy;
- d. Significantly improve the FIU's human and material capacity for analysis by recruiting qualified staff and securing adequate technical resources, and training existing staff, in order to produce timely financial intelligence useful for the investigation, prosecution and conviction of ML/TF offences.
- e. Make the network of FIU national correspondents within government departments operational by formally designating focal points in order to make cooperation and the exchange of information between national AML/CFT players in the processing of financial intelligence more dynamic.
- f. Swear in all members of the FIU, as well as its correspondents within State departments, and have its support staff sign non-disclosure agreements to ensure that they comply with the obligation of confidentiality and professional secrecy.

- g. Operationalise the specialised judicial courts for countering terrorism and its financing and for the fight against economic and financial crimes, as well as the anti-corruption mechanism to facilitate the identification of cases of money laundering related to the main threats, including corruption.
- h. Strengthen the capacity of LEAs to identify, investigate, prosecute and adjudicate the main ML threats in line with the country's risk profile through training in financial investigations and special investigation techniques.
- i. Build the capacity of LEAs in seizure and confiscation, particularly through training on the identification and tracking of assets on its territory and abroad; develop and disseminate a guide to seizure and confiscation for LEAs; established an effective mechanism for the recovery and management of seized and confiscated assets through effective coordination between the State Treasury and the judicial authorities.
- j. Implement measures to detect non- or false declarations of cross-border cash and BNI movements at all its borders and confiscate both cash and BNIs for a non or false declaration, interacting effectively with the FIU because of the associated ML/TF risks.
- k. Implement national counter-terrorism strategy that incorporates FT investigations as a priority, but also identifies more clearly the various types of FT activities in line with the country's risk profile and raises awareness and trains the LEAs to endow them with skills to prosecute and obtain convictions in line with the types of FT activities and the country's risk profile.
- l. Encourage the intelligence services and LEAs to prioritize the coordination of their activities and the exchange of information/intelligence for the detection, research and the collection of evidence as part of FT investigations leading to investigations, prosecutions and convictions.
- m. Clarify the nature and procedures for issuing the freeze decision provided for in Article 19 of Decree 23-074/PR for the immediate implementation of the TFSs taken under UNSCR 1267 and the UNSCRs relating to proliferation financing;
- n. Ensure that reporting entities have a good understanding of the ML/TF risks associated with their customers, products, services and distribution channels, as well as their geographical areas, in order to develop and implement internal programmes and procedures that take these risks into account, with a view to mitigating them.
- o. Introduce a specific legislation to regulate the professions of estate agents and dealers in precious stones and metals and update the legislation governing the insurance sector.
- p. Continue sensitization/training initiatives to increase the knowledge of all FIs of their AML/CFT obligations, and in particular the implementation of customer due diligence.
- q. Organise sensitization/training activities for DNFBPs on AML/CFT obligations, including customer profiling, transaction monitoring, and the detection and reporting of suspicious transactions, to help them discharge their AML/CFT obligations effectively.
- r. Provide the BCC with adequate resources to carry out its supervisory missions in accordance with the risk-based approach, by strengthening its understanding of the ML/TF risks inherent in the sectors under its supervision through sectoral ML/TF risk assessments and the preparation of ML/TF risk profile maps for the various categories of financial institutions it supervises;
- s. Designate the AML/CFT supervisory authority for the insurance sector to ensure effective AML/CFT

supervision in this sector;

- t. Designate AML/CFT supervisory authorities for all categories of DNFBPs to ensure effective AML/CFT supervision of all relevant professions.
- u. Provide training for all FI and DNFBP supervisory authorities on ML/TF risk-based supervision.
- v. Identify the ML/TF risks associated with the various types of legal persons and develop an action plan to mitigate these risks.
- w. Develop a mechanism for declaring information on beneficial owners in the RCCM as well as their identification and raise awareness among all stakeholders (supervisory authorities, regulatory authorities, RCCM administration, APNI administration, LEA) and national players (FIs and DNFBPs) on beneficial ownership identification.
- x. Provide for effective, proportionate and dissuasive sanctions against directors of legal persons for violations of the obligations to collect and update basic information on legal persons and beneficial owners. Competent authorities will have to keep statistics on the number and type of sanctions imposed on directors of legal persons for various violations.
- y. Develop a system for managing and monitoring mutual assistance requests to improve the effectiveness of its international cooperation in AML/CFT matters. This management system should include prioritisation of the execution of requests, considering factors relating to the nature of the offence in question and the persons involved.

Effectiveness and Technical Compliance Ratings

Table 1. Effectiveness Ratings

IO.1	IO.2	IO.3	IO.4	IO.5	IO.6	IO.7	IO.8	IO.9	IO.10	IO.11
LE	LE	LE	LE	LE	LE	LE	LE	LE	LE	LE

Note: Effectiveness ratings can indicate High (HE), Substantial (SE), Moderate (ME) or Low (LE) Effectiveness.

Table 2. Technical Compliance Ratings

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

Note: Technical Compliance ratings can be as follows: C - Compliant, LC - Largely Compliant, PC - Partially Compliant or NC - Non-Compliant.

MUTUAL EVALUATION REPORT

Foreword

This report presents the AML/CFT measures in force in the Union of the Comoros during the on-site visit conducted from 12th to 26th July 2023. It analyses the level of compliance with the FATF 40 Recommendations and the effectiveness of the country's AML/CFT regime and makes recommendations on how it could be strengthened.

This assessment is based on the 2012 FATF Recommendations and was prepared using the 2013 methodology. It was conducted based on the information provided by the country's authorities and information obtained by the assessment team during its on-site visit.

The evaluation was conducted by an Assessment Team comprising:

- Mr. Mamadou THIANDOUM, Police Commissioner, Director of Investigations and International Cooperation of the Senegal-FIU, Operational Expert/Investigations and Criminal Prosecutions.
- Dr. Seydou BARRO, Magistrate, Director of Legal Affairs and Litigation, National Agency for the Management and Recovery of Seized or Confiscated Assets (ANAGRASC), Burkina Faso, Legal expert / Criminal investigations and prosecutions
- Mr. Serge HOUEDANOU, Senior Manager at BCEAO and Secretary General of the Benin-FIU, Financial Expert (Supervision) / Risk Assessment Expert;
- Mr. Amadou FONGBE, Senior Manager at BCEAO and Secretary General of the Côte d'Ivoire-FIU, Financial Expert (Preventive measures)

With the support of the GIABA Secretariat

- Mr. Madické NIANG, Financial Institutions Officer
- Mr. Jean Aboussouwè ANADE, PO, Non-Financial Entities

The report was reviewed by Mr. Didier Maurice MINLEND NOUMA (ANIF CAMEROUN) and Mr. Cyprien DABIRE (Cours des Comptes, BURKINA FASO).

The Union of the Comoros' AML/CFT regime had already been assessed by the IMF in 2010. The assessment was based on the FATF 40 Recommendations (2003) and 9 Special Recommendations (2001) and conducted based on the 2004 Methodology. The Assessment Report is available on: <https://www.elibrary.imf.org/view/journals/002/2010/320/002.2010.issue-320-en.xml>.

This evaluation concluded that the Union of Comoros was Largely Compliant on 4 Recommendations; Partially Compliant on 13 Recommendations and 3 Special Recommendations; Non-Compliant on 23 Recommendations and 6 Special Recommendations. Based on these outcomes, the Union of the Comoros was placed under enhanced follow-up process.

It should be noted that the Union of the Comoros was a member of ESAAMLG prior to joining GIABA in 2017 where it continued its enhanced follow-up regime. The country was withdrawn from the enhanced follow-up regime in 2021 to allow it to stage preparations for its Second Round Mutual Evaluation exercise.

CHAPTER 1: ML/TF RISKS AND CONTEXT

35. The Comoros archipelago is located in the Indian Ocean at the northern entrance to the Mozambique Channel, between north-western Madagascar and the east coast of the African continent, and is made up of four islands: Grande Comore, which is home to the capital Moroni, Anjouan, Mayotte and Mohéli. The Union of the Comoros acceded to international sovereignty on 06 July 1975. This report covers only the islands of Grande Comore, Anjouan and Mohéli. The Union of the Comoros covers an area of 2236 km² and has a population of 836,774 (WB, 2022). It has a large diaspora of 562,000 people. The Comorian population is 98% Muslim and 2% Catholic. The country's official languages are Shikomori (Comorian), French and Arabic.

36. After independence, the socio-political landscape was marked by upheavals and several coups attempts, leading to several constitutional changes. In 2001, the country adopted a constitution that established the "Union of the Comoros" as the new name of the country, replacing the "Islamic Federal Republic of the Comoros". This constitution established a rotating presidency between the islands, for a single term of four (4) years. Among other things, it granted extensive autonomy to the islands, which were governed by Governors (considered to be presidents of the stand-alone islands) elected by universal suffrage. The constitution was revised several times, in 2009, 2013 and 2018. From now on, although the presidency will continue to rotate, the President is elected for a term of five (5) years, renewable once, and is the Head of Government. In this comply with, he determines and conducts the Nation's policy. Legislative power is vested in the Assembly of the Union, a unicameral parliament made up of 24 MPs elected for a five (5) year term. Judicial power is vested in the Supreme Court and other courts and tribunals. The Supreme Court is the highest court in judicial, administrative, constitutional, electoral and auditing matters.

37. The currency used in the Union of the Comoros is the Comorian Franc (KMF or FC). Under monetary cooperation agreements signed with France, the national currency is pegged to the euro at a fixed parity (EUR 1 = KMF 491.96775). The unlimited convertibility of the Comorian franc and the free transferability of capital between the Comoros and France are also guaranteed. The Union of the Comoros is a small economy with a nominal GDP of KMF 577.3 billion and a per capita income of around USD 1,294 in 2022. Its external debt is 27.1% of GDP and 86.5% of exports¹. In 2022, economic growth was driven mainly by the tertiary and primary sectors, with contributions of 1.3 and 1.0 percentage points comply respectively. The secondary sector only accounted for 0.2%.

38. The Union of the Comoros is classified as a lower-middle income country² by the World Bank, based on gross national income (GNI) per capita. Its economy is heavily dependent on the outside world. Trade has resulted in a deterioration in the overall balance of payments, linked to the deterioration in the current account. The trade balance showed a deficit of KMF 10 billion. Export revenues increased by 76.7% thanks to cash crops, whose sales rose from KMF 10.2 billion (2021) to KMF 20.3 billion (2022). The Union of the Comoros mainly exports vanilla, cloves and ylang ylang. Imports rose by 11.4%, driven by food products, energy products and intermediate consumer goods. However, the current account deficit was mitigated by private remittances. In this comply with, it should be noted that the Union of the Comoros is one of the countries where remittances from the diaspora are the highest in Africa, representing nearly KMF 96.4 billion, or 16% of GDP in 2021³.

39. The Union of the Comoros is ranked 156th out of 189 countries, according to its Human Development Index (UNDP, 2021). In 2019, the Union of the Comoros adopted a strategic development plan called "Plan Comores Emergent - 2030", the aim of which is to undertake far-reaching reforms in order to put the country on the path to emergence. This strategy is implemented through a short-term operational action plan for the period 2020-2024, known as the "Interim Development Plan". The Union of the Comoros is a member of the Organisation of the Islamic Conference and the Arab League. It is a member of the Common Market for Eastern and Southern Africa

¹ IMF report n°23/215 (June 2023)

²<https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>

³ BCC 2022 Annual Report

(COMESA), the Indian Ocean Commission (IOC), the Indian Ocean Rim States Association (IORA) and the Southern African Development Community (SADC). The Union of the Comoros has developed strong cooperation relations with Arab countries, notably Saudi Arabia, the United Arab Emirates and Kuwait.

1.1 ML/TF Risks and Determining the Scoping of Higher Risk Issues

1.1.1. Overview of ML/TF risks

40. This part of the report summarises the Assessment Team's understanding of ML/TF risks in the Union of the Comoros. It is based on documents provided by the country, publicly available documentation and discussions held with State authorities and private sector stakeholders during the on-site visit.

41. The Union of the Comoros faces a medium-high-risk of ML (NRA). The major predicate offences to ML are related to fraud, corruption, trafficking in narcotics and psychotropic substances, currency counterfeiting, and tax or bank fraud. Other threats have been identified as emerging, namely gold trafficking and migrant smuggling. Fraud, which is the dominant offence in Comoros, takes several forms, including illegal sales of landed assets caused by the systematic failure to register land. This type of offence accounts for 60% of court cases and is of concern to the political and judicial authorities, particularly the Moroni Prosecutor's office, which has made it a priority issue due to its scale. Other forms of fraud are linked to the trafficking of visas and false documents, of which many would-be emigrants to Europe fall victim after paying large sums of money on the promise of traffickers. New forms of fraud have also emerged in the Comoros, such as the Ponzi scheme, which lures victims by providing them substantial gains on their initial investments in record time. This disguised scam is based on network marketing, which consists of recruiting members in large numbers and paying its members from the funds deposited by the new recruits. It is a system that collapses as soon as the new members no longer reach the critical mass that can guarantee the remuneration of the old members. The Central Bank of the Comoros (BCC) has issued a statement warning the Comorian population of this trickery (November 2019). The gold scam involves the sale of costume jewellery to customers, but also the pledging of fake gold to microfinance institutions that have established this type of innovative financial product/service.

42. Drug trafficking in the Union of the Comoros is based on the transport and sale of cannabis from Tanzania and Madagascar, although there is little local production. Hard drugs such as heroin and cocaine are also fraudulently imported from Tanzania and Madagascar by sea. Comorian territory is used more as a transit route to foreign countries, where Comorian mules have been detained, notably in Mauritius and France. The Union of the Comoros is faced with human trafficking. According to the U.S. Department of State Report (2023), the government of Comoros is not fully compliant with the minimum standards for the elimination of trafficking, despite significant efforts that have moved the country from Category 3 to Category 2, reflecting significant progress. These efforts include the identification of more victims of trafficking and the referral of all victims to services; the investigation of more trafficking crimes, including the case of a fraudulent recruiter; and the establishment of specialised anti-trafficking investigation units on Grande Comore and Anjouan. The government has also established the National Committee for the Prevention of Smuggling of Migrants and Human trafficking (NCTIP), to which it has assigned staff. However, the government has never convicted any trafficker. Migrants' smuggling continues to grow. Statistics for 2021 reveal several cases involving nearly 100 people, of all nationalities, who attempted to travel illegally to Mayotte, with the involvement of 6 couriers of Comorian nationality⁴. There is no overall estimate of the value of the proceeds derived from these criminal activities and the NRA contains little information on the money laundering methods used.

43. Corruption is a serious offence in the Union of the Comoros, even though the country has no statistics to give an idea of the scale of the problem. The corruption perception index has been steadily deteriorating, with a downward trend since 2018. Over the last 5 years, the country has never left the 5th lowest-ranked country. According to the information available, the country established a National Commission for Preventing and

⁴ NRA, p33

Combating Corruption (CNPLC) in 2008 before it was dissolved by Decree in 2016. The Assessment Team were not informed of the reasons for its dissolution. However, during its active period, the CNPLC had transmitted 55 reports to the State Prosecutor between 2011 and 2016, 2 of which led to preventive detentions during the investigation phases. However, no information is available on the fate of these cases.

44. Other predicate offences have also been identified in the Union of the Comoros, such as trafficking in stolen cars, mainly in France; environmental crimes relating to illicit trafficking in protected species (marine and land turtles, shark fins) imported from Madagascar and transported to China; and trafficking in gold, a case of which was identified in 2021 involving a quantity of 49 kg from Madagascar and which was investigated (see IO.7). On the basis of studies carried out by the Financial Intelligence Service (FIU), the Union of the Comoros is more exposed to ML of proceeds of crimes committed abroad than on national territory.

45. The Union of Comoros lacks the resources and capacity to carry out investigations into ML and predicate offences, including asset investigations. The NRA also highlights the low level of collaboration between the various agencies, particularly in terms of exchanging information on financial crime, and the ineffective use of financial intelligence. In addition, most traders and the diaspora, who often travel with large quantum of cash, do not make declarations when entering or leaving the country, due to the lax application of existing surveillance measures. The Comorian economy is dominated by a large informal sector, which contributes 77% of GDP and provides 79% of jobs. Economic activities are essentially based on cash transactions in national and foreign currencies, particularly the euro, and the bank penetration rate in the Union of the Comoros is 29.1% (2022). These factors contribute to the vulnerability of the country, which plans to develop a financial inclusion strategy aimed at increasing the bank penetration rate to 50% by 2030. The Union of the Comoros' geographical position and archipelagic nature are constraints on the effectiveness of border surveillance, and this situation contributes to ML/TF risks.

46. The sectors exposed to a high ML risk are financial intermediaries (transfer companies), followed by decentralised financial institutions (DFIs), banks, notaries and estate agents, which face a medium-high-risk. Their particular vulnerability factors lie in limited knowledge of AML/CFT provisions, the lack of compliance as a position and independent sources of information, poor application of preventive measures, and limited, non-risk-based supervision.

47. To date, the Union of the Comoros has not recorded any terrorist attacks. There is also no information revealing the existence of any active or dormant terrorist cells in the country. However, terrorist activity has been noted in some countries in the region, including Tanzania, Mozambique, Kenya and Somalia. According to the NRA, some countries in the East African region and elsewhere in the world have experienced terrorist attacks in which Comorian nationals were involved. This was the case of Fazul Abdullah Mohamed, a member of Al-Shabab who later pledged allegiance to Al-Qaeda. He was considered to be the mastermind behind the attacks on the US embassies in Nairobi and Dar es Salaam (July 1998). He was the presumed leader of al-Qaeda in the Horn of Africa region in 2009. In 2014, four individuals holding economic citizenship of the Comoros were convicted of terrorism offences in the United Arab Emirates. They belonged to the Al-Nosra terrorist movement, formerly affiliated to Al-Qaeda. In the same year, a young Frenchman of Comorian origin was arrested in Beirut for attempting to commit a suicide attack with an explosive belt or vest in Lebanon. In 2019, the Comorian authorities handed over to France two French nationals who had settled in the Comoros and were on France's radicalised/terrorist watch list (fiche S). The NRA reports that in 2014, several Comorian nationals residing in the Island of the Reunion allegedly joined the ranks of the Islamic State.

48. With regard to the Financing of Terrorism (FT), the NRA identifies as the main threats the financing of religious and charitable organizations and activities by international partners and by informal trade and other income-generating activities carried out internally by certain members of fundamentalist religious trends. TF threat could also come from the financing of certain Islamic charities and/or educational organisations. This was notably the case with the Saudi-based Al-Haramain Foundation, known for its support for al-Qaeda and which was active throughout the Union of the Comoros in the early 2000s.

49. The Union of the Comoros' status as an archipelago may present a threat to proliferation financing (PF) via merchant shipping activities. Indeed, according to one of the FATF reports, the maritime sector presents a potential exposure to the violation of PF-related sanctions. However, the Union of the Comoros has no diplomatic relations with either Iran or the DPRK and has no trade relations with either country, thus preventing the direct or indirect supply, sale or transfer of any items that could contribute to their nuclear programme, to their ballistic missile programme or to other weapons of mass destruction programmes. Similarly, the authorities do not authorize Comorian-flagged vessels to sail to North Korea or engage in any activity related to North Korea, under threat of sanctions that could lead to delisting of the vessel, as was the case in 2016 (see chapter 4).

1.1.2. Country risk assessment and scoping of higher-risk issues

50. The Union of the Comoros concluded its first national risk assessment process in February 2023, culminating in a report adopted by Cabinet in June 2023. The process, which began in 2019, came to a halt at due to restrictions imposed by the political and health authorities as part of the fight against the COVID-19 pandemic. The NRA process was led by the Coordinating Authority, represented by the major national AML/CFT policymakers, supported by a Technical and Administrative Secretariat made up of AML/CFT resource persons and working groups divided into eight (08) teams responsible for sectoral assessments. As part of this exercise, the Union of the Comoros received financial support from the Common Market for Eastern and Southern Africa (COMESA) and the work was carried out with technical assistance from the World Bank and GIABA.

51. The process was inclusive, with the participation of political authorities, State department, law enforcement authorities, control and supervision authorities, financial institutions, DNFBPs and NPOs. The information and data used are qualitative (public reports, available open sources, expert opinion) and quantitative (law enforcement statistics, supervision, STR). It was collected through off-site research, interviews with competent authorities and professional organisations, and the administration of questionnaires. Visits were made to the archipelago islands.

52. The Union of the Comoros has assessed the ML/TF risk level based on the threat and vulnerability previously determined. The main threats identified by the NRA are fraud, corruption, trafficking in narcotics and psychotropic substances, currency counterfeiting, and tax or bank fraud. Other emerging threats include gold trafficking and migrant smuggling. The external threat is based in particular on the importance of funds generated by cases of fraud, theft, tax fraud and bank fraud committed abroad and subsequently transferred to the Union of the Comoros. The NRA assesses the overall risk from ML to medium-high. The risk is ordered according to a five-level scale (High; Medium-High; Medium; Medium-Low; Low). The sectoral assessments led to the following classification of sectors and activities according to the ML risk level:

Table 1.1: ML Risk Ratings for Sectors and Activities

Sectors/Activities	Risk Level
Banks	Medium-high
Decentralized Financial Institutions (DFIs)	Medium-high
Financial Intermediaries (MVTs and SNPSF)	High
Electronic Money Institutions	Medium
Insurance	Medium-low
Real Estate	Medium-high
Notaries	Medium-high
Dealers in Gems and Precious Metals	Medium
Lawyers	Medium-low
Chartered Accountants and Certified Public Accountants	Medium-low

53. The NRA has assessed the Union of the Comoros' TF risk as Medium. The major risk factors are: the involvement of Comorian nationals and naturalized Comorian nationals in terrorist acts committed abroad; the geographical position of the Union of the Comoros, which is relatively close to countries such as Tanzania, Mozambique and Kenya, which are hotbeds of terrorism; and the flow of funding from faith-based foundations in the Middle East which support educational and faith-based activities in the Comoros.

Areas of high attention

54. In deciding which issues to prioritise, the Assessment Team reviewed documents provided by the Union of the Comoros (Technical compliance questionnaires, Effectiveness sheets and the NRA Report) as well as other freely available, credible and reliable sources, including reports from international organisations. They placed particular emphasis on the following topics.

- **Understanding risks and implementing a coordinated AML/CFT risk-based approach** - The assessment team looked at the quality of the risk identification and analysis carried out by the Comorian authorities; the comprehensiveness of the sectors and activities considered in the exercise; the degree of understanding of AML/CFT risks; and the relevance and consistency of the mitigating measures applied and provided for in the policy and strategy documents for the various stakeholders in the AML/CFT regime.
- **ML/TF risk-based monitoring and supervision** - In view of the materiality and level of ML/TF risks to which the financial sector (banks, financial intermediaries, decentralised financial institutions) and certain DNFBPs (notaries, estate agents) are exposed, the assessment team was primarily interested in the supervisory authorities' understanding of the risks and the effective implementation of a risk-based approach in the performance of their duties.
- **Competent authorities' investigative capacity to identify and prosecute TF cases** - the assessment team sought to understand the competent authorities' perception of TF risks, as well as Comoros' strategy for identifying and tracking terrorist financial flows, in particular the capacity of the investigative and prosecuting authorities to monitor illegal manual foreign exchange activity, illegal currency transfers (Hawala) and electronic money services, as well as the financing of high-risk NPOs. It analysed the effectiveness of national coordination between the competent authorities responsible for combating terrorism and its financing, as well as the level of cooperation with their foreign counterparts, particularly in Kenya, Madagascar, Mozambique and Tanzania. The team examined the mechanisms put in place in Comoros to implement the targeted financial sanctions linked to TF and FP.
- **Capacity of Law Enforcement authorities in relation to ML** - The team paid particular attention to corruption as an offence underlying ML and its handling by the investigating and prosecuting authorities, and to what extent it hinders the investigation/prosecution/conviction of the perpetrators and the confiscation of the proceeds of the offence in the context of the high level of corruption highlighted by the NRA and a lack of transparency, the extent to which it hinders the investigation/prosecution/conviction of perpetrators and the confiscation of the proceeds of the offence, in a context of high levels of corruption highlighted by the NRA and suspected interference by the political authorities in court cases, disrupted by the dissolution of the National Anti-Corruption Commission (CNPLC), whose cases have not been followed up. It looked into the use of financial intelligence and other relevant information by the competent authorities as part of investigations into ML/TF, including the mechanisms put in place by the Union of the Comoros to facilitate effective international cooperation in view of the scale of money laundering in the country, of criminal proceeds from abroad, noted in the NRA.
- **Misuse of legal persons and transparency of legal persons** - Considering that the deficiencies identified in the NRA, particularly in terms of the lack of a register and of an appropriate mechanism for identifying beneficial owners, combined with the failure to assess the ML/TF risks of these entities, may constitute serious vulnerabilities to the abuse of legal persons for ML purposes, The assessment team examined the mechanisms for collecting and managing basic information, particularly that relating to beneficial owners (registration, centralisation, computerisation, updating), including its accessibility, without delay, by the public and law enforcement authorities.

a. Areas of moderate attention

55. The NRA concludes that there is a medium risk for dealers in gems and precious metals. There were reports of gold smuggling, but this turned out to be an isolated case that mobilized the competent authorities (see IO.7). The team examined the sector and noted that the country does not produce gold and there is no gold mining activity or gold trading post in the Union of the Comoros. Also, the players in this sector that we met were local jewellers rather than dealers in precious metals. Besides, they are few in number and their turnover is very modest. For these reasons, the assessment team considers that the sector poses a lower risk. The same consideration applies to the insurance sector, which is less developed, particularly the life insurance sector, which has a very small number of customers for capitalization products, and activities relating to virtual assets and virtual asset service providers, which have not been reported in Comoros.

1.2 Materiality

56. The Union of the Comoros is a small economy. In 2021, nominal GDP stood at 584.76 billion Comorian francs. In 2022, the country recorded an economic growth rate of 2.6%, compared with 2.2% in 2021. The Comorian economy is dominated by a large informal sector, which contributes 77% of GDP and provides 79% of jobs. Economic activities are essentially based on cash transactions in national currency and sometimes in foreign currencies, particularly the euro. The bank penetration rate in the Union of the Comoros is 29.1% (2022).

57. The financial system in the Union of the Comoros does not include a financial market or a financial management and intermediation company (SGI). It is made up of banks, electronic money Institutions, insurance companies, financial institutions and microfinance institutions. At the end of 2022, the banking sector had total assets of FC 201.1 billion. There are 4 retail banks, 2 of which are wholly state-owned. The Comorian government also has a 31% stake in the 3rd bank, while the 4th bank is a subsidiary of a Tanzanian group. The banking network has 22 branches throughout the country. The banks hold 46.5% of the market share for loans and 41.4% for deposits.

58. The highly dynamic microfinance sector is driven by 4 networks of decentralised financial institutions (DFIs), with 129 branches accounting for 47% of banking assets. The DFIs have a 44.4% market share of both loans and deposits. There are also 3 financial intermediaries: the postal bank, a branch of the Société Nationale de la Poste et des Services Financiers (SNPSF) with 30 branches, and 2 financial institutions providing manual foreign exchange and money transfer services. The financial institutions are exclusively dedicated to providing foreign exchange and money and value transfer services. However, the SNPSF obtained a license from the BCC in March 2006 to provide similar services to banks. For this reason, it will be considered as a bank for the purposes of the evaluation.

59. The electronic money landscape is made up of 2 mobile money institutions and one banking institution that is authorised to provide such a service. In 2022, electronic money Institutions (EMIs) carried out nearly 2 million transactions. In the same year, outstanding electronic money amounted to FC 1.3 billion, with 549,864 accounts. The EMIs have built a bridge with the outside world, in particular with countries such as France, Senegal, Tanzania and Kenya, where the Comorian diaspora is concentrated.

60. The insurance market is not significant in Comoros. It is dominated by non-life insurance, while life insurance is offered by a single insurance company, a subsidiary of a banking group established in Comoros in 2020. Demand for life insurance is almost non-existent, which could be attributed to the fact that the overwhelming majority of Comorians belong to the Muslim religion, which does not recommend this practice.

1.3 Structural elements

61. The Union of the Comoros, after the years 2000s has become a stable country, where democratic prevails. The country has the necessary structures to establish the rule of law and the functioning of the justice system, despite the challenges linked to corruption within the LEAs and the non-existence of the anti-corruption agency,

which has been dissolved; the authorities are trying to remedy this. The authorities have revealed a high level of commitment to AML/CFT issues, and a National Anti-Money Laundering and Counter Terrorist Financing Committee has been established, headed by the Permanent Secretary of the Ministry of Finance, with the Central Bank of Comoros providing the secretariat (Decree No. 12-041/PR). This committee is designated to lead the national AML/CFT strategy. Since its last evaluation, the Union of the Comoros has adopted an AML/CFT law and has passed a number of laws that have strengthened the AML/CFT legal framework, although more remains to be done. Furthermore, the effectiveness of the AML/CFT regime is weakened by the lack of supervisory and control authorities for the DNFBP category as well as for the insurance sector, where the designated control authority is the insurance department of the General Directorate of Public Accounting and Treasury (art. 27 of Decree No. 12-047/PR), but this department is not explicitly authorised to ensure that insurance companies comply with AML/CFT requirements.

1.4. Context and other contextual elements

62. The Union of the Comoros is implementing the AML/CFT mechanism against the backdrop of a vast and predominantly cash-based informal sector (77% of GDP). The country has a low banking rate (29.1%) and has no financial inclusion strategy, which is still a target. The issue of corruption needs to be tackled more effectively, as the government dissolved the National Commission for Preventing and Combating Corruption (CNPLC) in 2016, in a context where the country's ranking has steadily deteriorated over the last 5 years, according to the Corruption Perceptions Index (CPI) developed by Transparency International. The Union of the Comoros has a large community in the diaspora, which plays an active role in the country's development through substantial remittances (16% of GDP).

63. The Union of the Comoros is a member of the Franc area, where it is bound by monetary cooperation agreements with France, including the guarantee of a fixed parity with the euro and the payment of 50% of its foreign exchange reserves into the operating account held at the French Treasury.

64. The status of the island of Mayotte, which is under French administration, exacerbates attempts to migrate to that island, thereby fuelling migrants' smuggling.

1.4.1 AML/CFT strategy

65. The Union of the Comoros has made AML/CFT one of its priorities. In the past, the country adopted an AML/CFT strategy covering the period 2011-2013, following the first evaluation of its AML/CFT regime. The strategy aimed to achieve 6 strategic objectives, including strengthening the legal framework, reinforcing controls on reporting entities, regional and international cooperation in AML/CFT matters, and so on. It was implemented through an action plan that mobilised several authorities (police, FIU, courts, etc.).

66. In June 2023, the authorities approved a new AML/CFT strategy following the completion of the NRA. The overall aim of the strategy is to create a permanent framework for reference, evaluation and follow up of actions to strengthen the national AML/CFT/PF system over the period 2023 to 2027, with a view to guaranteeing the integrity of the financial system and promoting its attractiveness, as well as attracting sound foreign financial investment to strengthen its stability and contribute to its overall security. The strategy is broken down into seven strategic objectives to be achieved, including: strengthening the understanding of ML/TF risks; strengthening the capacities of the FIU and the investigative authorities; preventing the exploitation of NPOs; strengthening the fight against emerging transnational crime; supporting the implementation of the AML/CFT regime within FIs and DNFBPs and the supervisory authorities; among others.

67. In short, the authorities state that the strategy aims to correct the gaps and deficiencies identified and analysed in the NRA report. However, it seems that the strategy's action plan does not specifically target the risk mitigating measures identified in the NRA, but pursues broader objectives that will certainly influence the AML/CFT regime

1.4.2. Legal and institutional framework

68. The Union of the Comoros applies the principle of the hierarchy of standards. According to the order of precedence, constitutional law is the highest law, followed by international treaties and conventions ratified by the country; then come ordinances and laws that have been passed and promulgated, and administrative and regulatory laws (Decrees, orders, directives, circulars).

69. The Union of the Comoros has built the AML/CFT legal framework around specific laws n°12-008/AU and n°21-004/AU which criminalise ML and TF, as well as law n°20-038/AU, establishing the Penal Code; the country recently adopted law n°23-011/AU of 27th June 2023, on the prevention and fight against corruption⁵ which was not yet in force. The TFS are implemented in accordance with the provisions of Decree No. 23-074/PR of 25th July 2023.

Institutions

70. The main bodies responsible for AML/CFT in The Comoros are:

- The National Committee: By Decree n°12-041/PR establishing AML/CFT dated 18th February 2012, the Union of the Comoros established a National Committee responsible for developing a national AML/CFT policy, proposing the necessary legislative reforms, coordinating the various actions to be implemented and monitoring progress. It is headed by the Secretary General of the Ministry of Finance;
- The Ministry of Justice: responsible for enforcing criminal law. Through the Prosecutor's office, it coordinates the prosecution of criminal cases, including ML/TF cases;
- The Ministry of Finance, Budget and Banking: Provides general support and ensures adequate funding for the implementation of AML/CFT measures. The Minister is the competent authority responsible for proposing the designation of persons or entities to the 1267/1989 and 1988 Committees of the United Nations Security Council and for the national list under Resolution 1373 (in charge of administrative freezing);
- The Ministry of Foreign Affairs and International Cooperation: is responsible for receiving and transmitting the designation/sanction lists of the United Nations Security Council (UNSC). It acts as an interface between the country and the international community, including the various committees of the UNSC, as well as in the context of mutual legal assistance.
- The Police and the Gendarmerie: Bodies under the authority of the Ministry of the Interior and the Ministry of Defence comply respectively. Through criminal investigation officers, they are responsible for investigating and recording violations of criminal law in accordance with the code of criminal procedure and under the supervision of the State Prosecutor;
- The National Directorate for Documentation and State Protection (DNDPE): is an intelligence agency that supports the Criminal Investigation Officers by providing them with information leading to investigations. A Commission established under the aegis of the DNDPE collects and analyses information, which is forwarded to the State Prosecutor for legal action. Judicial cases have been detected through the DNDPE, which has been working in synergy with the LEAs with a view to making arrests. The investigative authorities also refer cases to the DNDPE requesting for its assistance in establishing evidence of any ML/TF offence. It is also the agency in charge of counterterrorism.
- Customs and tax authorities: The General Tax Directorate and the General Customs Directorate are responsible for conducting tax and customs investigations. Where the offences are not punishable by administrative fines, they can refer cases of tax evasion or customs fraud to the Prosecutor's office and forward the information to the FIU.

⁵ This law was passed but not enacted before the end of the on-site visit.

- The Financial Intelligence Unit (FIU) is an administrative authority under the supervision of the Minister of Finance and Budget. It has financial autonomy and operational independence in AML/CFT matters throughout the country. The FIU collects and receives suspicious transaction reports from reporting entities and other information, which it processes and analyses with a view to establishing evidence of AML/CFT; where necessary, it prepares reports for the Prosecutor's attention for further action.
- The Central Bank of the Comoros (BCC): The BCC is responsible for regulating and supervising financial intermediation. With the exception of the insurance sector, the BCC is the AML/CFT supervisory body for the entire financial sector (banks, credit institutions, microfinance institutions, MVTs, EMIs).

1.4.3. Financial sector, DNFBPs and VASPs

71. This section provides information on the composition and size of the financial sector and DNFBPs in the Union of the Comoros. No VASPs have been reported to exist or to operate in the country. Taking into account the risk and context factors, the sectors present in Comoros are not considered to be of equal importance. Tables 1.2 and 1.3 below provide an overview of the financial and non-financial sectors.

Table 1.2: Financial Institutions in the Union of the Comoros

Financial Institutions	Number	Balance sheet total (in millions FC)	Volume	As a % of GDP
Banks	4	87043,0425	94684,4919	14%
SNPSF (Post Office Bank)	1	19365,221	11011,952	3%
Decentralized Financial Institutions (DFIs)	4	95009,1031	53698,5789	15%
Electronic Money Institutions (EMIs)	2	1703		0,3%
Insurance	35	-	-	-
Rapid Money Transfer companies	2	386		0,1%

Source: Coordinating Committee

Table 1.3: Non-financial businesses and professions in Comoros

DNFBPs	Number	Total Balance Sheet	As a % of GDP
Notaries	53	-	-
Estate agents	5	-	-
Lawyers	74	-	-
Chartered Accountants	11	-	-
Dealers in precious metals	-	-	-

Source: Coordinating Committee

Financial Institutions

72. The assessment team classified the sectors according to their relative importance in the specific context of the Union of the Comoros, taking into account their materiality and level of ML/TF risk. The Assessment Team

used this classification to support their conclusions, assigning greater or lesser weightings to the negative and positive effects of implementation, depending on the level of importance. This approach is used throughout the report, and in particular in IO.4 (preventive measures) and IO.3 (supervision).

Very heavily weighted

- a. **Banks:** The Union of the Comoros' financial system is strongly dominated by the banking sector, which recorded a balance sheet total of KMF 201.1 billion at the end of 2022. The banking sector comprises 4 banks and a network of 22 branches. According to the NRA conclusions, it presents a medium-high ML/TF risk. It is an internationally connected sector; due to the products and services it offers customers. The banking sector is considered as very important in this assessment.
- b. **Decentralized Financial Institutions (DFIs):** The microfinance sector is made up of 4 DFI networks and holds a significant weight in the financial landscape of the Union of the Comoros (44.4% market share). It is a local financial system with a high penetration rate among the population, with 129 branches and 326,710 deposit accounts. DFIs do not carry out international transfers, but they are closely linked to players in the informal sector. According to the NRA findings, this sector is exposed to a medium-to-high ML/TF risk. Because of the size of its market share and the size of its networks, the microfinance sector is considered very important for the purposes of this assessment.

Heavily weighted

- c. **Financial intermediaries:** This group is made up of the postal financial services segment (SNPSF) and 2 financial institutions. SNPSF is considered for its Financial Services branch, which offers products and services similar to those offered by banks. However, it is not licensed as a bank but as a financial intermediary. Financial intermediaries offer manual foreign exchange and money transfer services. For the purposes of this assessment, this sector is considered important, taking into account its high level of risk in terms of ML/TF (NRA), its openness to the international market, and the large number of transactions and users.

Moderately weighted

- a. **Electronic Money Institutions (EMIs):** In the Comoros, e-money activity is carried out by 2 mobile phone companies and one banking institution licensed to operate with a technical partner. The assessment team assigned medium importance to this sector because of the remarkable growth in the number and volume of transactions (2 million transactions in 2022) and the outstanding electronic money in circulation (FC 1.3 billion in 2022 compared with FC 2.4 billion in 2021)⁶. The EMI sector is rated as medium ML/TF risk in the NRA findings.

Lightly weighted

- a. **Insurance:** The insurance market is not significant in Comoros. It is dominated by non-life insurance, while life insurance is offered by a single insurance company, a subsidiary of a banking group established in Comoros in 2020. Demand for life insurance is almost non-existent and this is attributed to the fact that the overwhelming majority of Comorians belong to the Muslim religion. The sector is rated as medium-low risk in terms of ML/TF. The sector is considered as of low importance.

DNFBPs

Very heavily weighted

⁶The decrease in outstanding electronic money between 2021 and 2022 is due to the decline in the funds distributed to vulnerable people within the framework of the "Social Security Nets" project.

- a. There is also no AML/CFT supervisory and control body for any of the DNFBPs. In light of the above, the Assessment Team have given a high weighting to the notaries, estate agents and chartered accountants sectors.
- b. **Notaries and estate agents:** In the Comoros, the land sector is the most frequent source of disputes and court cases due to fraud. The purchase/sale of land and property is often done in cash. These activities are carried out by notaries and estate agents, who are assessed as having a medium-to-high ML risk. What's more, estate agent activity is not governed by a legal text that organises the profession, so the conditions of access to the profession are not known.
- c. **Chartered and licenced accountants** are members of the association of chartered accountants and licenced accountants, which, like the association of lawyers, is responsible for ensuring discipline and the application of the standards, including ethics and professional conduct. Chartered accountants are responsible for certifying the accounts of companies in a context where tax fraud is one of the main offences in the Comoros. Also, the ML risk posed by the abuse of legal persons/arrangements has not been assessed.

Heavily weighted

- a. **Lawyers:** The legal profession is governed by a statute and the corporation has formed a self-regulatory body. The profession offers, among other things, services for setting up legal persons and legal arrangements in a context where there is no register of BOs and no measures for identifying BOs. The profession is assessed as having a low ML risk in the NRA but is in contact with legal persons whose risk is not assessed. Moreover, it has no AML/CFT supervisory/monitoring body.

Moderately weighted

- a. **Dealers in gems and precious metals:** The Union of the Comoros has no gold trading post. The country has no gold mines and no gold mining activities. The NRA classifies as stone and precious metals traders a small number of artisan jewellers and who operate as family businesses, even though the profession is rated at medium ML risk by the NRA. In the DFI sector, financial products and services can be obtained using gold as collateral. This context means that obtaining/holding gold (as jewellery) has become an issue. Considering that the origin, ownership and authenticity of gold can be tainted by theft and fraud, the team decided to weight the sector at medium. However, the only recorded case of gold trafficking (isolated case) concerns international trafficking between the Comoros and a neighbouring country (see Case study, chapter 3/IO.7).

1.4.4 Preventive measures

73. **Laws** - In the Comoros, Law 12-008/AU on the fight against money laundering, terrorist financing and proliferation is the basic AML/CFT legal instrument. It is enhanced by Act 21-004/AU of 29 June 2021 on the fight against terrorism, its financing and the suppression of money laundering. These specific laws are supplemented by the provisions of Act 20-038/AU of 29th December 2020 on the Penal Code. Together, these instruments define the crimes of ML and FT and the predicate offences. They designate the persons and reporting entities and provide for the sanctions applicable for violation of the obligations.

74. **Decrees** - The Financial Intelligence Service (FIU) is established by Decree 20-145 of 4 December 2020 on the powers, organisation and operation of the FIU. The regime and procedures governing the implementation of the TFS are set out in Decree no. 23-074 of 25th July 2023.

75. **Other binding instruments** - The Central Bank of the Union of the Comoros (BCC), the main regulatory and supervisory authority, has taken specific measures, including regulatory decisions (or regulations) and circulars, which organise and provide a framework for the implementation of AML/CFT activities in the sectors under its responsibility. These instruments are signed by the Governor of the BCC and contain measures that are mandatory for the entities concerned, who are liable to sanctions if they fail to comply with them.

76. **Non-binding instruments** - Guidelines - The BCC issues guidelines aimed at facilitating the development and implementation by FIs of their AML/CFT preventive system.

77. The Union of the Comoros has not opted for an exemption from the application of the FATF Recommendations for any activity or sector. The Union of the Comoros does not require the application of preventive AML/CFT measures by other sectors that are outside the scope of the FATF Recommendations.

1.4.5. Legal persons and arrangements

78. In the Union of the Comoros, the categories of legal persons and legal arrangements that may be established are those provided for in the Revised Uniform Act relating to Business companies and Economic Interest Groupings (AUDSCGIE) and the Uniform Act relating to the Law on Cooperative Societies, to which the Union of the Comoros is a party. These legal instruments provide for all types of companies and economic interest groupings (GIE) that may be established in the OHADA area, namely: limited liability companies (SARLs), public limited companies (SAs), limited partnerships (SCSs), general partnerships (SNCs), simplified joint stock companies (SASs) with free and variable capital and GIE. This information is available to the public through the registries of the Commercial Courts of Moroni, Moheli and Anjouan and at APNI.

Table 1. 4: Types of legal person

Companies	Numbers	Features
SARL	2168	
SA	37	
SCS	12	
SNC	00	
SAS	13	
GIE	10	

1.4.6. Institutional supervision and monitoring systems

Financial Institutions

79. With the exception of insurance companies, AML/CFT supervision of FIs is carried out by the Central Bank of the Comoros (BCC) via the Banking Supervision and Regulation Department. It acts as the regulatory authority for FIs and carries out off-site and on-site inspections to ensure compliance with banking and financial regulations, including AML/CFT. It also monitors and improves the legal and regulatory framework. For insurance companies, no structure is formally designated to ensure AML/CFT control/supervision; this prerogative is not conferred on the Public Accounting and treasury Department (DGCPT), designated by Article 27 of Decree No. 12-047/PR, as the supervisory authority. Virtual asset activities have not been reported in the Union of the Comoros and there is no AML/CFT regulation or supervision for this sector.

Table 1.5: FIs' Supervisory/Monitoring Authorities

Financial Institutions	Licensing/Registration Authority	AML/CFT Supervisory Authority
Banks	BCC (DSBR)	BCC (DSBR)
SNPSF (Post Office al bank)	BCC (DSBR)	BCC (DSBR)
Decentralized Financial Institutions (DFIs)	BCC (DSBR)	BCC (DSBR)
Electronic money Institutions	BCC (DSBR)	BCC (DSBR)

(EMIs)		
Insurance	Ministry of Finance (DGCPT)	No
Rapid money transfer companies	BCC (DSBR)	BCC (DSBR)

Source: Coordinating Committee

DNFBPs

80. With regard to the supervision and monitoring of DNFBPs, Article 24 of the AML/CFT Law states that the relevant ministries shall ensure that all categories of DNFBPs comply with their AML/CFT obligations (Article 24.1 of Law 12-008/AU on AML/CFT). However, this provision is not implemented by any practical act. In fact, no legal text designates or specifies for each category of DNFBP the structure or ministerial department specifically responsible for its AML/CFT supervision and monitoring. Furthermore, it should be noted that activities related to casinos and gambling establishments are prohibited in the Union of the Comoros (see TC Annex/c.28.1).

Table 1.6: DNFBPs' Supervisory/Monitoring Authorities

DNFBP	Licensing/Registration Authority	AML/CFT Supervisory Authority	Self-regulatory Body (SRB)
Notaries	Ministry of Justice & Attorney General	None	National Association of Notaries
Estate Agents	None	None	None
Lawyers	Ministry of Justice & Attorney General	None	Bar Association
Chartered Accountants	Ministry of Finance	None	Association of Chartered and Certified Accountants
Dealers in gems and precious metals	Minister of Agriculture, Fisheries and the Environment, Tourism and Handicrafts	None	None

Source: Coordinating Committee

1.4.7. International cooperation

81. The Union of the Comoros is not an international financial centre, nor is it an area for the incorporation and registration of companies. Nevertheless, the territory is exposed to the threats inherent in financial flows resulting from offences committed abroad, including fraud, drug trafficking, migrant smuggling, human trafficking, car theft and trafficking in protected species (environmental crimes), among others. With regard to TF, the threat is posed by certain NPOs established in the country which receive funds from international foundations intended for charitable and educational activities, including the Al-Haramain Foundation which appeared on the sanctions list (September 2004). Comorian nationals and naturalized citizens are also involved in terrorist acts abroad and have even been convicted of such acts. The main countries identified in connection with these acts are Madagascar, Tanzania and France.

82. In terms of international cooperation, the existing legal framework enables the Union of the Comoros to offer a wide range of international cooperation in AML/CFT matters, through the use of the relevant international legal instruments and the multilateral and bilateral cooperation agreements it has signed, but also through informal channels. These forms of cooperation include mutual legal assistance and other forms of cooperation between

FIs, but also those involving law enforcement authorities, as well as financial sector supervisory and monitoring authorities. However, it should be noted that the Union of the Comoros makes few requests for international judicial cooperation in cases of money laundering, related predicate offences and terrorist financing that may have ramifications abroad.

CHAPTER 2. NATIONAL AML/CFT POLICIES AND COORDINATION

2.1 Key Findings and Recommended Actions

Key Findings

a The Union of the Comoros launched its national ML/TF risk assessment in October 2019 through an inclusive process bringing together national AML/CFT policymakers, representatives of relevant public and private sector AML/CFT stakeholders and expert AML/CFT resource persons. The NRA received financial support from the Common Market for Eastern and Southern Africa (COMESA) and technical support from the World Bank (WB). The process culminated on 7 June 2023 with the adoption of the NRA report by the Comorian government. The relatively protracted NRA process could be attributed not only to the health measures associated with Covid-19, but also the challenges associated with the lack or unavailability of AML/CFT data and statistics. On the whole, the NRA conclusions seem reasonable in spite of the challenges encountered in the process. However, the Comorian authorities have not assessed the specific risks associated with important sectors in terms of the country's risk profile, with a predominant informal sector and its corresponding excessive use of cash in economic transactions. Indeed, the lack of a financial inclusion strategy and the non-assessment of TF risks linked to NPOs and that of ML/TF risks linked to legal persons and virtual assets, constitute major deficiencies for the country. b The Union of the Comoros has shared the NRA findings with AML/CFT stakeholders (investigation and prosecution authorities, supervisory authorities, self-regulatory organisations, FIs and DNFBPs, and other relevant AML/CFT stakeholders) through physical and electronic mails and also through dissemination workshops in the 3 islands. However, due to the recent nature of the NRA, the Comorian authorities' understanding of AML/CFT threats and vulnerabilities is average, with the exception of the BCC and FIU authorities, who have demonstrated a fairly good understanding of the risks. As a result, the outcomes and findings of the NRA are not used by the competent authorities concerned (supervisory and self-regulatory authorities, LEAs) in defining their objectives and conducting their activities.

c In September 2022, the Union of the Comoros launched the development of a new national AML/CFT strategy, taking into account the AML/CFT risks identified in the NRA. This draft national AML/CFT strategy document, structured around seven strategic objectives and planned for the period spanning 2023 to 2027, was approved by the country's political authorities in June 2023, demonstrating the high-level commitment required for its funding and smooth implementation. However, not all of the high-risk areas identified in the NRA report have been prioritised with appropriate enhanced measures according to the risk-based approach, and the assessment team had no access to any financing or resource mobilization schedule needed to implement the national strategy's action plan in order to assess the effectiveness of their risk-based allocation.

d In the Union of the Comoros, the coordination mechanism is based on the National Committee, which was established in 2012 and has been meeting regularly ever since. The Committee has led and overseen recent activities related to the completion of the NRA and the drafting of the national AML/CFT strategy document. However, the Committee is not adequately representative of all AML/CFT stakeholders, for example because of the lack of supervisory authorities, law enforcement authorities and the private sector. It does not have adequate resources (human, financial, material) of its own to carry out its tasks effectively. The framework for cooperation and information exchange is based on the Technical Committee established in 2020 to provide operational support to the Financial Intelligence Unit but which is not yet operational. The effectiveness of coordination and cooperation is substantially weakened by these limitations or gaps. In addition, there is no national cooperation framework for combating the financing of the proliferation of weapons of mass destruction.

Recommended Actions

- a. The Comorian authorities should ensure that risk assessments are consistent and updated without delay and in line with the country's risk profile and context. This exercise should take into account all sectors of activity or areas at risk and be based on an operational mechanism that can ensure the availability and exhaustiveness of information and statistical data relating to AML/CFT, which are essential to the proper conduct and quality of these assessments;
- b. The Comorian authorities should deepen their understanding of ML/TF risks through sector-specific risk assessments of legal persons, NPOs and virtual assets and virtual asset providers.
- c. The Union of the Comoros should continue to share the results and conclusions of the NRA, by organising in-depth discussion sessions with AML/CFT stakeholders, including FIs and DNFBPs, on the risks identified in the NRA, in order to ensure that they are properly understood by all stakeholders and taken into account by the relevant competent authorities (supervisory and self-regulatory authorities, law enforcement authorities) when defining their objectives and conducting their activities.
- d. The Comorian authorities should formalise and integrate the application of the risk-based approach into the implementation of the national AML/CFT strategy, while taking appropriate steps to guarantee its financing through a relevant programme to mobilise the necessary domestic and external resources, including the rapid development of a financial inclusion strategy;
- e. The Comorian authorities should strengthen and revitalise the AML/CFT coordination and cooperation framework by extending it to all relevant AML/CFT stakeholders in the public and private sectors and by providing it with adequate resources (human, material, technical and financial), in order to enlist their participation in the development and implementation of the national AML/CFT Strategy.

83. The relevant Immediate Outcome examined and assessed in this chapter is IO.1. The Recommendations relevant to the assessment of effectiveness under this section are R.1, 2, 33 and 34, as well as some elements of R.15.

2.2 Immediate Outcome 1 (risk, policy and coordination)

2.2.1. The country's understanding of its ML/TF risks

84. The Union of the Comoros launched its national ML/TF risk assessment in October 2019 through two ministerial orders on "organization of the national risk assessment and development of the national AML/CFT strategy" and "appointment of NRA actors" comply respectively. The NRA process was conducted in an inclusive manner through three bodies, namely the Coordinating Authority represented by the main national AML/CFT policymakers, the Technical and Administrative Secretariat made up of resource persons with AML/CFT expertise, and the working group comprising the eight (08) teams in charge of the sectoral assessments. Thus, all the competent authorities and stakeholders concerned by AML/CFT in the Union of the Comoros, namely: political authorities, State department, investigation and prosecution authorities, control and supervision authorities, financial institutions, DNFBPs and NPOs, were involved in the NRA exercise. The NRA also received financial support from the Common Market for Eastern and Southern Africa (COMESA⁷) and technical support from the World Bank.

⁷Common Market for Eastern and Southern Africa

85. The process was disrupted in 2020 following the entry into force of the anti-Covid-19 measures decided by the Comorian authorities on 30 April 2020 and was not relaunched until February 2021. The NRA report was finalised in February 2023 and approved by Cabinet on 07 June 2023. In addition to the health measures linked to Covid-19, the relatively long duration of the NRA process can also be attributed to several challenges faced by the working group. These included: problems relating to the lack or unavailability of statistical data or data that was not exhaustive ; the low level of understanding of AML/CFT and the FATF recommendations by most members of the working group; the lack of involvement of some members of the working group in the process (absenteeism, withdrawal, lack of motivation, etc.); the non-functioning of the coordinating authority and the technical and administrative secretariat of the NRA (NRA Report, page 11).

86. These challenges prevented the collection of conclusive, complete and exhaustive statistical data and information to provide rigorous and reliable support for the conclusions and results obtained from the NRA. In these conditions, the working group carried out the analyses of threats and vulnerabilities on the basis of expert estimates using the data collected by the sector teams.

87. With regard to money laundering in the Union of the Comoros, the NRA report assesses the overall threat and national vulnerability as medium-high and concludes that the Union of the Comoros is exposed to a medium-high money laundering risk.

88. The overall ML threat is mainly due to fraud, corruption, trafficking in narcotics and psychotropic substances, currency counterfeiting, tax and bank fraud, gold trafficking and migrant smuggling, which generate huge amounts of funds that are laundered through various sectors of the Comorian economy. The banking sector is exposed to a high level of threat to ML, while decentralised financial institutions, financial intermediaries, notaries and estate agents present a medium-high level of ML threat. Dealers in precious metals are moderately exposed to the threat of ML.

89. . The national vulnerability to money laundering is reflected in various deficiencies and gaps in the AML/CFT regime, such as the lack of information on beneficial owners, the low level of national and international cooperation in the exchange of information and intelligence, the ineffectiveness of the Financial Intelligence Unit, the lack of adequate and qualified resources to investigate, prosecute and adjudicate cases of money laundering and asset confiscation, and the high level of informality in the economy. At sector level, the vulnerabilities identified relate to the lack of an AML/CFT supervisory authority or ineffective supervisory procedures and practices based on AML/CFT risks and the lack of application of dissuasive sanctions where appropriate, the low level of knowledge of AML/CFT by the staff and management of reporting entities, coupled with the lack of an AML/CFT compliance programme and a system for monitoring and reporting suspicious transactions, according to the NRA.

90. With regard to terrorist financing, the NRA report highlights a medium risk resulting from a moderately low threat of terrorist financing and a high level of vulnerability to terrorist financing. The major terrorist financing threat is posed by the activities of certain non-profit or religious organisations and their financing. Vulnerabilities are mainly related to: the deficiency of cross-border declarations of currency and bearer negotiable instruments in a context where these payment instruments circulate widely; the ineffectiveness of controls on associations and non-governmental or non-profit organisations; the low level of national cooperation between authorities responsible for combating terrorism and its financing; the lack of financial, material and human resources qualified to detect, monitor and analyse all activities likely to finance or support terrorism; the lack of an effective system for implementing targeted financial sanctions in accordance with the relevant United Nations Security Council resolutions.

91. The analysis of the findings and outcomes of the NRA reveals the lack of assessment for certain categories/sectors that are sensitive with regard to the risk profile and context of the country, namely: legal persons and virtual assets, with regard to ML/TF risks, NPOs, with regard to TF and proliferation risks. The assessment of ML national threats and vulnerabilities in the NRA does not seem to give adequate weight to a number of predicate

offences of concern to the country. These include corruption, environmental crime⁸ (illegal fishing, trafficking in marine and terrestrial turtles as well as shark fins between the Union of the Comoros and Madagascar), human trafficking and migrants' smuggling⁹ as well as the activity of dealers in gems and precious metals. Furthermore, the unavailability of reliable statistical data on the proceeds or income derived from the various offences analysed meant that it was not possible to gain an exhaustive and objective understanding of ML internal and external threat through the actual scale of the illicit gains, income or proceeds involved. The same is true of the lack of statistical data or any other relevant information on TF, which has not made it possible to properly apprehend and understand the TF threat posed by persons (natural or legal) and organisations which, by virtue of their activities or characteristics, are likely to be misused for the purposes of terrorism and its financing.

92. Consequently, the assessment team considers that the NRA conclusions and findings, though reasonable given the challenges encountered by the working group, do not appear to be consistent with the specific ML/TF characteristics and risk profiles in the Union of the Comoros.

93. On the whole, due to the recent nature of the NRA and non-dissemination of its findings among national stakeholders, the understanding of ML/TF threats and vulnerabilities is average as far as the competent national authorities are concerned, with the exception of the BCC and FIU authorities, who have demonstrated a fairly good understanding of the risks identified.

2.2.2. National policies to mitigate identified ML/TF risks

94. In September 2022, the Union of the Comoros launched the development of a new national AML/CFT strategy based on the recommendations of the NRA report. The national strategy document, validated by the political authorities in June 2023, is structured around seven strategic objectives defined in terms of eleven immediate and planned results for the period 2023 to 2027. However, the strategy document is not accompanied by a plan for mobilising the resources needed to finance it and ensure its smooth implementation in accordance with the risk-based approach.

95. Due to the recent nature of the NRA and the national strategy, the country has not yet implemented any actions or measures to mitigate the risks identified as at the time of the on-site visit.

96. Since the Union of the Comoros is in its first NRA exercise, it is yet to update the assessment, which is very recent. Nevertheless, the national AML/CFT strategy document sets a five-year period for updating national ML/TF risk assessments.

2.2.3. Exemptions, enhanced and simplified measures

97. Following the NRA, the Union of the Comoros did not opt for any derogation from AML/CFT standards or measures.

98. With no action plan for the management and treatment of the risks identified in the NRA, the Assessment Team were unable to assess the extent to which the NRA findings have enabled the definition and planning of mitigating measures consistent with the levels of risk identified, especially in the highest risk scenarios.

99. The remedial actions and measures planned in the national strategy document do not prioritise addressing all the high-risk areas identified in the NRA with appropriate enhanced measures, according to the risk-based approach. In other words, the risk-based approach has not been applied in developing the national strategy document. By way of illustration, apart from the deficiencies relating to cross-border declarations of currency and bearer negotiable instruments and the lack of an effective regime for implementing targeted financial sanctions,

⁸ Idem : OCINDEX

⁹<https://www.state.gov/reports/2022-trafficking-in-persons-report/comoros/>

the remedial measures for which have been given priority, major vulnerabilities such as the lack of information on beneficial owners, the lack of an AML/CFT supervisory authority for DNFBPs, the lack of control over the activities of associations and non-governmental or non-profit organisations, and sectors with high or medium-level AML risks such as the banking sector, decentralised financial institutions, financial intermediaries, notaries and estate agents, have not been dealt with as a matter of priority through enhanced remedial measures or actions to benefit from available resources.

100. The assessment team did not have access to any funding programme for the national strategy's action plan in order to assess whether the allocation and assignment of the resources mobilised are planned according to an approach based on the risks identified by the NRA.

101. With no internal ML/TF risk assessments incorporating the NRA findings, the implementation of a full risk-based approach has not been demonstrated for the sectors covered.

2.2.4. Objectives and activities of competent authorities

102. Because of the recent nature of the NRA in particular and the limited understanding of ML/TF risks in general by the competent national authorities, the supervisory and self-regulatory authorities are yet to incorporate the ML/TF risks identified in the NRA into the definition of their objectives or their supervisory and regulatory tasks, either at national or sectoral level. Nevertheless, capacity-building activities are planned in the national AML/CFT strategy document to enable the competent authorities and self-regulatory bodies to acquire the reflex of ensuring the consistency of their objectives and activities with developments in national AML/CFT policies and the ML/TF risks identified in the country.

2.2.5. National coordination and cooperation

103. The National AML/CFT Committee established by Decree No. 12-041/PR of 18th February 2012 is the authority in charge of national AML/CFT coordination. Its main tasks are to define the national AML/CFT policy, propose legislative, regulatory or administrative reforms to the political authorities, coordinate the various actions to be implemented in accordance with the standards and continuously monitor progress. It meets regularly to carry out its tasks. Recent activities relating to the implementation of the NRA and the drafting of the national AML/CFT strategy document have been supervised and coordinated by the national committee. However, the national committee is not adequately representative of all AML/CFT stakeholders in the public and private sectors in that its membership is limited to representatives of a few strategic ministries (Finance, External Relations, Defence, Interior, Justice) and the Financial Intelligence Service. The lack, for example, of the supervisory authorities, the law enforcement authorities and private sector (self-regulatory bodies or professional associations of reporting entities) is a major deficiency of the national framework for developing and implementing AML/CFT policies.

104. The National Committee does not have adequate resources (human, financial, material and technical) of its own to perform its tasks effectively. It is still largely dependent on the Financial Intelligence Service, which itself does not have adequate resources or capacity.

105. With regard to national AML/CFT cooperation, the mechanism for exchanging and sharing intelligence or information provided for in Decree 20-145/PR of 4th December 2020 is based on a technical committee responsible for providing operational support to the Financial Intelligence Unit. However, this technical committee is not yet operational, and the Decree establishing its organisation, powers and operation has not yet been issued by the competent authorities.

106. The FIU, as the central agency responsible for receiving and analysing suspicious transaction reports from reporting entities, is the only source of financial intelligence with no operational and functional cooperation mechanism for exchanging and sharing information.

107. The FIU relies on its cooperation and collaboration agreements with the competent national authorities by using its extensive right of communication under the law to obtain or provide information to the law enforcement authorities. The effectiveness of coordination and cooperation is substantially weakened by the lack of representativeness of all AML/CFT stakeholders within the national committee, the lack of an effectively functional operational cooperation mechanism and the lack of adequate resources and expertise allocated to the bodies dedicated to cooperation and coordination at national level, in particular the national committee, the FIU and the technical support committee. In addition, there is no national cooperation framework for combating the financing of the proliferation of weapons of mass destruction. Similarly, the Union of the Comoros does not have a formal mechanism for cooperation and coordination among the competent authorities to ensure that AML/CFT requirements are compatible with data protection and privacy measures and other similar provisions. These deficiencies constitute important gaps to be addressed by the country for effective national coordination and cooperation.

2.2.6. Private sector sensitization on risks

108. The involvement of FIs and DNFBPs in the drafting of the NRA report provided an opportunity for them to participate in the analyses and assessments of ML/TF threats and vulnerabilities at national and sectoral levels. The NRA was an opportunity for the national committee and the FIU to raise awareness of ML/TF risks among reporting entities through sectoral meetings organised throughout the process. FIs and DNFBPs also took part in the workshop organised by the national AML/CFT committee on 21st February 2023 to validate the findings of the NRA. The assessment team noted that the NRA process had raised awareness among private sector stakeholders of the risks of AML/CFT in the country. Overall, participation in NRA activities and the dissemination of results have helped to inform reporting entities about the main predicate offences as well as ML/TF threats and vulnerabilities.

109. However, it should be noted that the Union of the Comoros has no formal mechanism for sharing the NRA findings with AML/CFT stakeholders in general, and with FIs and DNFBPs in particular. The findings and conclusions of the NRA report were disseminated to stakeholders and reporting entities electronically and by physical correspondence. Following the adoption of the NRA and the NS by the Government of the Union of the Comoros, FIs and NPFs were made aware of the threats and vulnerabilities of ML/TF during 3 national workshops organised in Anjouan, Mohéli and Grande Comore, in order to be able to effectively take the necessary remedial or mitigating measures. However, even though the NRA has contributed to a general awareness of ML/TF risks, the understanding of threats and vulnerabilities at national and sectoral level remains limited or poor as far as reporting entities are concerned.

General conclusion on IO.1

110. The Union of the Comoros carried out its national ML/TF risk assessment with one major limitation related to the unavailability of statistical data, which substantially affected the consistency of the conclusions and results obtained with the country's risk profile, especially with regard to ML. Due to the recent nature of the NRA, national stakeholders, FIs and DNFBPs are not yet adequately aware of ML/TF threats and vulnerabilities so that understanding of ML/TF risks is fairly good for BCC and FIU authorities and average for other national authorities.

111. The Comorian authorities would benefit from a mechanism for collecting and maintaining relevant data, statistics and other information to facilitate future updates of ML/TF risk assessments based on more comprehensive and complete data in order to make conclusions on identified threats and vulnerabilities more reasonable and consistent with the country's risk profile. In addition, the Comorian authorities should deepen

their understanding of ML/TF risks through specific risk assessments of legal persons, NPOs and virtual assets. They should also adapt their policies to deal with these risks, prioritising the highest risks. The effectiveness of coordination and cooperation is substantially weakened by the lack of representativeness of all AML/CFT stakeholders within the national committee, the lack of a truly functional operational cooperation mechanism and the lack of adequate resources and expertise allocated to the dedicated bodies. In addition, there is no national cooperation framework for combating the financing of the proliferation of weapons of mass destruction. Similarly, the Union of the Comoros does not have a formal mechanism for co-operation and co-ordination between the competent authorities to ensure the compatibility of AML/CFT requirements with data protection and privacy measures and other similar provisions. These deficiencies are significant gaps to be addressed by the country for effective national coordination and cooperation.

112. **The Union of the Comoros is rated as having a low level of effectiveness on IO.1.**

CHAPTER 3. LEGAL SYSTEM AND OPERATIONAL ISSUES

3.1 Key Findings and Recommended Actions

Key Findings

Immediate Outcome 6

- a. The Comorian system gives the Financial Intelligence Unit access to a certain quantum of information used in the processing of the financial information it receives from reporting entities. It also gives the investigative authorities easy access to information or intelligence from the FIU and other State departments. However, access to information or intelligence is more difficult from financial institutions. Also, the five-day response time set by Law 12-008/AU is not very restrictive, especially when it comes to dealing urgently with any TF-related STR, for example.
- b. The FIU receives STRs on ML and incomplete information on declarations of cross-border physical transport of cash. The FIU does not receive cash transaction reports from reporting entities and all the STRs come from FIs, as the DNFBPs are yet to file any STR.
- c. The FIU's analyses have made it possible to forward reports to the State Prosecutor and to initiate prosecutions that have so far not resulted in trials or convictions for ML/TF or other predicate offences. However, the FIU's human and technical capacity is very limited to enable it to properly analyse the few STR it receives and to produce useful and timely financial intelligence for the investigative and prosecutorial authorities in the fight against financial crime. Nor is there any TF-related dissemination.
- d. To a lesser extent, the investigative authorities used financial intelligence and other information in their investigations into the predicate offences that led to the detection of ML cases. However, financial intelligence has not been used to detect TF cases.
- e. The very few trials and convictions for ML suggests that the investigative and prosecutorial authorities are not making adequate use of the financial intelligence disseminated by the FIU, mainly because of the FIU's poor operational analysis capabilities and the prosecuting authorities' low level of training in financial investigation.
- f. The FIU and other competent authorities cooperate very little and exchange little financial information with each other to detect, prosecute and convict ML/TF offences and the most threatening predicate offences. The technical committee established alongside the national Coordinating Committee to facilitate the exchange of information between national players is not operational.
- g. Confidentiality and comply with for professional secrecy in the processing and circulation of financial information and intelligence are not guaranteed. FIU members and focal points within State departments have not taken an oath as required by the law in force. Nor have any other binding measures been taken to ensure that FIU staff comply with the confidentiality and professional secrecy obligation.
- h. Written procedures and rules have not been defined to limit access to the Financial Intelligence Unit's premises and IT systems.

Immediate Outcome 7

- a. The recently adopted national policy and strategy document of the Union of the Comoros prioritises the investigation and prosecution of ML but is yet to be implemented. The LEAs are not yet specialised in ML and

are not adequately trained to conduct effective ML investigations, hence the lack of systematic use of parallel financial investigations. The Union of the Comoros' LEAs are subject to political interference in ML investigations and are also affected by endemic corruption, which hampers the detection, investigation and prosecution of ML cases.

- b. The main threats identified by the NRA (fraud, forgery, breach of trust, drug trafficking and embezzlement of public funds) and corruption are rarely investigated or prosecuted. The ML investigations carried out by the LEAs are mainly the result of FIU reports forwarded to the Prosecutor's office.
- c. ML investigations are not concerned with corruption, which is endemic in the Union of the Comoros, while the dissolved National Anti-Corruption Commission (CNPLC) has forwarded fifty-five (55) cases to the Prosecutor's office, the outcome of which remains unknown.
- d. The Comorian authorities obtained a conviction for self-laundering, money laundering by a third party and stand-alone money laundering, even though the conviction does not adequately highlight the first two types of ML cases mentioned.
- e. This conviction does not relate to any of the main ML threats identified in the NRA. The limited number of convictions in relation to the types of ML cases proves the need for training of judicial magistrates.
- f. The Comorian judicial authorities have handed down a criminal conviction against an individual for aggravated ML. However, the prison sentences and fines are neither proportionate nor dissuasive. In addition, there is no effective follow-up mechanism between the State Treasury and the judicial authorities to ensure that the sentences handed down are enforced.
- g. The Union of the Comoros provides for alternative sanctions to replace conviction for ML, but the Comorian authorities are yet to implement these alternative measures.

Immediate Outcome 8

- a. The national policy and strategy document of the Union of the Comoros prioritises the confiscation of the proceeds and instrumentalities of crime as well as assets of equivalent value, but this is yet to be implemented;
- b. The Union of Comoros has an adequate legal framework for the confiscation of criminal assets, with the exception of an effective mechanism for the recovery and management of seized and confiscated assets other than precious metals and cash, due to the lack of effective coordination between the State Treasury and the judicial authorities. However, the LEAs do not adequately identify and trace assets linked to criminal activity with a view to confiscation. They do not identify and trace abroad products and instruments linked to criminal activity committed in the Union of the Comoros;
- c. The Union of the Comoros has a mechanism for the exchange and sharing of information and/or intelligence between customs and the immigration police, the national gendarmerie and the airport security and safety services in relation to illicit trafficking, including the control of the transport of cash and BNIs;
- d. Cash and BNIs in excess of the prescribed threshold of KMF 5,000,000 are declared at the Hahaya airport border and at the two maritime borders, but the declaration data transmitted to the FIU does not allow it to take any action despite the associated ML/TF risks. In addition, the customs services that receive cash and BNI declarations at entry and exit points have not yet detected any cases of non-compliance or false declarations because they do not have a scanner and only carry out a posteriori searches by targeting incoming and outgoing passengers;
- e. The lack of statistical data on seizures and confiscations relating to offences that constitute the main threats of ML does not make it possible to support consistency between the results achieved and the risks of ML/TF

and national AML/CFT policies and priorities.

Recommended Actions

Immediate Outcome 6

- a. The FIU of the Union of the Comoros should work with all the other competent authorities to make the network of national correspondents operational at within the administrations by formally designating focal points in order to make cooperation and the exchange of information between national AML/CFT actors in the processing of financial intelligence more dynamic.
- b. The FIU should continue to raise awareness among reporting entities and the supervisory authorities of reporting entities that do little or no STR in order to boost their reporting activity.
- c. The Comorian authorities should provide the FIU with adequate financial resources to enable it significantly improve its human and material analytical capacity by recruiting qualified staff and acquiring adequate technical resources to be able to produce useful financial intelligence for the investigation and prosecution of ML/TF offences.
- d. The Investigative authorities should more systematically request for financial information and intelligence from the FIU and financial institutions to detect ML/TF cases.
- e. The FIU should swear in all its members, as well as its correspondents in State departments, and have its support staff sign non-disclosure agreements to ensure that they comply with the confidentiality and professional secrecy obligation.
- f. The FIU should take appropriate steps to ensure the physical protection of its facilities at all times and put in place procedures to restrict access to those facilities and to the Unit's IT systems.
- g. The FIU should consider joining the Egmont Group in the short to medium term.
- h. The Comorian authorities should make operational the Technical Committee established alongside the National AML/CFT Coordinating Committee to facilitate the exchange of information among national AML/CFT stakeholders.

Immediate Outcome 7

The Comorian authorities should:

- a. Ensure the implementation of the national policy and strategy document on the prioritisation of ML investigations and prosecutions in line with the country's risk profile;
- b. Operationalize the specialized courts to counter Terrorism and its financing, and to fight against economic and financial crimes, as well as the mechanism to fight against corruption. to facilitate the identification of cases of money laundering related to the main threats, including corruption, raise awareness among LEAs of the endemic corruption that hampers the effectiveness of ML investigations and prosecutions;
- c. Build the capacity of LEAs to identify, investigate, prosecute and adjudicate the main ML threats according to the country risk profile, through trainings on special economic and financial investigation techniques

- d. Organise sensitization and training sessions on national cooperation, in particular between the DNDPE and the LEAs, for State Prosecutors and investigating and trial courts, to ensure that the number of investigations, prosecutions and convictions of different types of ML cases is consistent with the country's level and risk profile;
- e. Ensure that the sanctions imposed on ML are proportionate and dissuasive, and established a monitoring mechanism between the Treasury and the judicial authorities to ensure that the sanctions imposed are enforced.
- f. Implement alternative measures to replace the conviction for ML

Immediate Outcome 8

The Comorian authorities should:

- a. Ensure implementation of the national policy and strategy document on prioritisation of confiscation so that confiscation outcomes are consistent with ML/TF risk assessments and national AML/CFT policies and priorities;
- b. Develop the capacity of LEAs in seizure and confiscation, in particular through training in the identification and tracking of assets on its territory and abroad; develop and disseminate a guide to seizure and confiscation for LEAs; establish an effective mechanism for the recovery and management of seized and confiscated assets through effective coordination between the State Treasury and the judicial authorities;
- c. Implement measures to detect defaults or false declarations of cross-border movements of cash and BNIs at all its borders and confiscate both cash and BNIs for non or false declaration while interacting effectively with the FIU because of the associated ML/TF risks;
- d. established a systematic mechanism for keeping seizure and confiscation statistics for ML in relation to the predicate offences identified in the NRA in order to provide information without delay on their consistency with risks identified in the NRA and national priorities.

113. The relevant Immediate Outcomes reviewed and evaluated in this section are IOs.6-8. The Recommendations relevant to the assessment of effectiveness under this section are R.1, R.3, R.4 and R.29-32 and items of Rs.2, 8, 9, 15, 30, 31, 34, 37, 38, 39 and 40.

3.2. Immediate Outcome 6 (ML/TF linked to financial intelligence)

3.2.1. Use of financial intelligence and other information

114. Financial intelligence and other information likely to be consulted and used in investigations into ML, related predicate offences and TF are available to a lesser extent through several sources, including the FIU, State departments and the financial and banking sector's reporting entities.

115. The FIU, as the administrative structure for receiving and processing financial information, produces financial intelligence. However, the inadequacy of its human, technical and material resources compromises to a large extent its capacity for operational and strategic analysis and, as a result, its ability to produce useful financial intelligence without delay for the law enforcement authorities and other competent authorities. Indeed, apart from the Head of the Investigations Department who acts as Head of the Analysis Department, the dedicated staff are not trained in operational analysis of financial information, let alone strategic analysis. In addition, operational staff were not recruited in line with the unit's needs and job profiles.

116. Nor does the Comorian FIU have an operational database for the automated processing of declarations and information received from national and international partners, which it could consult systematically in order to establish possible links between new cases and previous cases. However, the FIU does have an ACCESS database, developed in-house, which makes it possible to keep track of all the files processed and to search for people mentioned in the processing of STRs.

117. However, its extensive powers of communication enable it to access a large quantum of financial and other relevant information from all government departments and financial sector entities, particularly using information requests to obtain additional information deemed useful for processing STRs.

Table 3.1: FIU Information Requests from 2019 to June 2023

National Stakeholders and Reporting Entities	FIU Requests		Response Rate
	Request	Response	
Government			
Police	3	2	66,66%
Ministry of the Interior	1	1	100%
Tax authorities	3	1	33,33%
Commercial court	2	2	100%
Customs	1	1	100%
Information service	1	1	100%
Sub-total 1	11	08	72,7%
Financial institution			
Bank	267	267	100%
DFS/Financial intermediaries	393	296	75,31%
DNFBP	0	0	0%%
Sub-total 2	660	563	85,30%
Grand total	671	571	85%

Source: FIU

118. The Table above shows that the FIU often provides feedback to reporting entities, particularly financial institutions, to request for additional information in the processing of the STRs it receives, and that the latter largely respond to the requests sent to them. For example, out of 660 requests sent to these reporting entities by the FIU between 2019 and June 2023, 563 were responded to, representing a response rate of 85%. On the other hand, the FIU scarcely requests State departments, including investigative authorities, and never DNFBPs for information on the processing of STRs received. The FIU also does not have direct access to government databases. However, the

State department largely responds to FIU requests, as out of 11 requests sent by the FIU in the same period (2019 to June 2023), 08 were responded to without delay, representing a response rate of over 72%.

119. The FIU of the Union of the Comoros is not yet a member of the Egmont Group and therefore does not use the Group's secure platform "Egmont Secure Web" to request and obtain information from its foreign counterparts without delay. However, it has signed six cooperation agreements with foreign counterparts and may also exchange information with GIABA member FIUs on a reciprocal basis. Within this framework, the FIU has not sent any Foreign Information Request (FIRE) to its counterparts from 2019 to 2023 but received six (06) and responded to four of them during the same period.

120. The authorities in charge of investigations, in particular the national police and the national gendarmerie, have the legal prerogatives to access, whenever necessary, information and financial intelligence produced by the FIU or held by any other public or private entity. These prerogatives are exercised in the form of requisitions or requests for information. On one occasion, the Criminal Investigation Department asked the FIU for financial information as part of an investigation into fraud. The response provided by the FIU enabled the investigation department to substantiate the incriminating facts and to conclude the investigation, the report of which was filed to the State Prosecutor for prosecution for fraud. However, the FIU does not spontaneously disseminate financial intelligence to these investigative authorities, and responses to requests for information sent by the latter to national public and private entities reach them within an average of 72 hours. In addition, the requisitions sent to financial institutions by these investigative authorities must be approved by the State Prosecutor or they will be rejected, which may also compromise access to useful financial information during investigations without delay.

121. Finally, regarding access to information and financial intelligence, the Comorian system enables the FIU to a certain extent to access as much information as possible, even though in practice it only receives STRs from FIs for the time being, and declarations of the physical transportation of cash made by travellers leaving the national territory via the air borders. The Comoros-FIU does not receive systematic reports of cash transactions above a certain threshold from reporting entities, despite the volume of cash in circulation in the Comoros and the ML/TF risk inherent in these forms of transaction. The legal framework also allows investigative authorities to access financial information or intelligence from the FIU, even though the service has not so far spontaneously disseminated financial intelligence to competent authorities other than the judicial authorities.

122. The FIU uses the information collected to analyse the STRs it receives. Generally, the additional information obtained, as well as the one received from its foreign counterparts, is used to enrich the STRs. The financial intelligence thus produced by the FIU based on STRs has enabled it to disseminate information exclusively to the judicial authorities. For example, during the period spanning 2018 to 2022, the FIU filed fourteen (14) reports to the State Prosecutor for the purpose of prosecuting alleged ML offences.

123. There is no TF-related dissemination, even though TF risk is considered as medium in the Union of the Comoros.

Box 3.1: Practical example of the use of financial information received from foreign counterparts in the FIU's operational analyses

Facts:

In May 2018, the FIU received and registered a request for information from a European FIU relating to transfers of funds of illicit origin to several accounts opened with banks established in the Union of the Comoros.

It appears from the terms of the request, that the requesting FIU was investigating three (3) associations and their officers who held bank accounts in its country, and received in mid-October 2018, counterfeit cheques from

various companies. The funds were then transferred to bank accounts opened in the Union of the Comoros via correspondent banks established in another European country.

Analysis:

Following investigations and information requests sent to banks established in the Union of the Comoros, links were found between the information from the requesting FIU and one STR sent to the FIU by one of the banks where accounts mentioned in the information request had been opened. These accounts opened with the said bank had received several international transfers. The funds transferred to these accounts concerned four individuals and amounted to:

- 106 220 EUROS for the first person;
- EUR 298 340 for the second;
- 77,340 for the third;
- 138,789 for the fourth person.

It was also discovered that two (2) of the defendants had transferred funds from another European country amounting to EUR 45,000 to bank accounts opened with a second bank established in the Union of the Comoros in the name of a company based in Moroni and an individual from the Union of the Comoros residing in the country of the requesting FIU.

Finally, it was discovered that a large proportion of these funds were then repatriated to bank accounts opened in the European country of the requesting FIU by bank transfer before being withdrawn by bank cheques or bank cards from the Comoros, the requesting country and another third country.

Outcome:

Based on the outcomes obtained in the processing of this foreign information request (FIR), the Comoros-FIU responded to the request by asking the requesting FIU to use the information contained in the said FIR for judicial purposes. Having obtained authorisation, the FIU enriched the STR received and drafted a report which was forwarded to the State Prosecutor in Moroni in August 2020, to initiate criminal lawsuit on the charge of money laundering against the identified perpetrators.

3.2.2. STRs received and requested for by competent authorities

124. All reporting entities are required to report their ML/TF suspicions to the FIU. The FIU also receives reports of physical cross-border transportation of cash, BNIs and gems and precious metals in excess of 5 million Comorian francs (i.e. €1,062) by travellers arriving in and departing from the Union of the Comoros. These declarations are sent to the FIU by post to the unit's offices or by e-mail to the professional e-mail address of the unit's general secretariat. STRs sent by e-mail are often confirmed by post if the FIU deems it necessary to do so and the informant so requests.

125. Only FIs, especially banks and DFIs to a lesser extent, file STRs to the FIU. The number of STRs filed to the FIUFIU has increased as FIs, particularly in the financial sector, have been sensitized on their reporting obligations. Between 2017 and June 2023, the FIU of the Union of the Comoros received 80 STRs, all relating to suspected ML cases.

Table 3. 2: STRs received by the FIU from 2017 to 2023

Reporting Entity	2017	2018	2019	2020	2021	2022	2023 ¹⁰	Total
Government	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0
Bank	5	10	1	2	2	12	19	51
DNFBP	0	0	0	0	0	0	0	0
DFIs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>9</u>	<u>6</u>	<u>19</u>
Financial Intermediaries	6	2	0	2	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
Total	11	12	1	4	6	21	25	80

126. Considering these figures, it appears that all the STRs are filed by financial institutions, particularly banks, accounting for 51 STRs, i.e. 63.75% of all STRs received, and 29 STR, i.e. 36.25 %, filed by DFIs and financial intermediaries. This situation reflects a lack or poor understanding and inadequate implementation by the DNFBPs and other FIs (insurance and EMLs) of their reporting obligations, notwithstanding the fact that the risk in the DNFBPs' law and figures sector is rated low, while that of dealers in gold and precious stones and metals is rated average.

127. Furthermore, the low level of implementation of reporting obligations by the DFIs is not in line with the sector's risk profile and the country's context, as the DFIs rank first in terms of the number of depositors and borrowers and the ML risk is rated as medium by the NRA.

128. The FIU receives declarations from the Customs Administration on the physical cross-border transport of cash and BNIs made by travellers leaving the national territory via air borders and on arrival. However, the information provided is incomplete in order to be relevant, as it does not include the identity of the declarants, and Customs limits itself to transmitting amounts aggregated by currency and on a monthly basis.

129. The FIU does not receive systematic reports of cash transactions, despite the importance of the informal sector and the circulation of cash in all transactions in the Union of the Comoros.

130. The FIU believes that the quality of the returns received has improved since 2022, thanks in particular to the sensitization sessions organized for reporting entities in the financial sector.

3.2.3. Operational needs supported by FIU analysis and dissemination

131. The FIU produces financial intelligence based on the processing and operational analysis of STRs. The FIU supplements the STRs with additional information that it receives from reporting entities, other competent authorities and foreign counterparts at its request. After analysing the STR, the FIU determines whether the suspicious items are adequate to highlight serious and consistent indications of ML/TF for the purpose of conducting criminal proceedings. If this is the case, the FIU forwards the financial intelligence to the State Prosecutor in the form of a report, who is required to open a judicial investigation immediately by referring the matter to an investigating judge.

132. Financial intelligence derived from the FIU's operational analysis may also be disseminated to investigative and other competent authorities to support their operational needs. However, to date, the FIU has only disseminated financial intelligence to the judicial authorities through the transmission of eighteen (18) reports to the State Prosecutor for alleged ML offences between 2016 and 2022.

¹⁰ Data covering the period spanning January to June 2023

133. For the time being, the FIU has not produced any strategic analyses of the ML trends and methods identified in the operational analysis of the STRs. However, following the processing of STRs that uncovered ML activity in connection with a pyramid-type scam in which the legal entity principally involved had been banned from operating in several African countries, the FIU informed the BCC, in its capacity as the supervisory and control authority for banking FIs, to draw the FIs' attention to the need to implement enhanced customer due diligence measures. Generally speaking, the FIU's capacity for operational and strategic analysis is hampered by inadequate material and human resources (see analysis under point 3.2.1).

134. Ultimately, the use made by the competent authorities, including law enforcement authorities, of the financial intelligence produced by the FIU seems inadequate in view of the almost zero number of trials and convictions obtained to date in ML/TF cases. The few prosecutions and convictions secured could also be attributed to the lack of specialized human resources within the prosecutorial authorities to ensure diligent judicial follow-up of the cases transmitted. In this situation, it is not possible to assess whether the FIU's analyses and their dissemination meet the operational needs of the competent authorities.

Cooperation and exchange of information/financial intelligence

135. The FIU and the other competent authorities cooperate to a greater or lesser extent and exchange information spontaneously and on request in both directions. These exchanges take place through a network of informally appointed focal points in the relevant administrations. To formalize this cooperation framework, a Decree issued by the President and Head of State established a technical committee derived from the national AML/CFT Coordinating Committee to facilitate exchanges of information between national players. However, the members of this committee have not yet been formally appointed and its modus operandi has not been specified, although the focal points involved in the NRA exercise are trying to revitalize national coordination in the exchange of information and financial intelligence between the FIU and the other competent authorities.

136. This network of focal points enables the FIU to request and obtain additional information without delay to deal with the STRs it receives. The ad-hoc committee has already met at least three times at the BCC, the Ministry of Finance and the FIU to discuss and exchange views on emerging threats, such as the pyramid scheme and misuse of the KM IBAN by offshore companies. However, only one of these meetings, the one held at the Ministry of Finance on offshore companies on 24th March 2021, was reported.

137. Nevertheless, these exchanges take place under conditions that do not guarantee the confidentiality, security and protection of the information, because FIU members and focal points are not sworn in as required by the law in force, and there are no binding measures, particularly the signing of non-disclosure agreements, to ensure that FIU staff members who are supposed to have access to the information exchanged comply with the obligation of confidentiality and professional secrecy. However, it should be noted that no case of leakage of confidential information exchanged among national players has been noted, even though the risk remains high given the size of the national territory where "everyone knows everyone else".

138. Also, access to physical facilities is not secure, nor is access to IT systems. The procedures in place to secure these facilities are very basic, if not non-existent. The only private security guard assigned to physically guard the FIU premises is unable to do so on a full-time basis.

139. The FIU has signed a single cooperation agreement with the BCC and none with the other competent authorities to specifically map out cooperation mechanisms such as direct access to relevant databases and protection of the confidentiality of information given or received.

140. From 2019 to June 2023, the FIU sent eleven (11) requests for information only to the State department and prosecution and law enforcement authorities, which responded to eight (08) of these requests. In the opposite

direction, the FIU received only six (06) requests from the police and general intelligence services and responded to three of these requests. These responses enabled the competent authorities to clear up cases of fraud in particular.

141. The table below shows that the competent authorities, in particular the law enforcement authorities, make little use of the FIU to obtain financial information in the course of their respective duties.

Table 3.3: Information Requests received at national level by the FIU from 2019 to June 2023

National Stakeholders	Requests received by FIU		Response Rate
	Request	Response	
Police	3	2	66,6%
Information services	3	1	33,3%
Total	6	3	50%

142. In a nutshell, cooperation between the Comorian FIU and the other institutional players involved in AML/CFT seems inadequate, or even non-existent for certain structures. Also, the response rate to requests received by the FIU, which stands at 50%, despite the limited number of requests, has a negative impact on the capacity of the competent authorities to exchange information and financial intelligence without delay.

General conclusion on IO.6

143. The FIU and the investigative authorities have access to financial information to a large extent, and the financial intelligence resulting from the FIU's operational analysis is intended exclusively for the judicial authorities for prosecution purposes. The investigative authorities do not systematically use financial intelligence and other information to detect ML/TF cases.

144. All of the STR received by the FIU come from financial institutions, particularly banking institutions, DFSs and financial intermediaries. DNFBPs and other FIs (insurance, EMLs) have so far not sent any STR to the FIU, which is at odds with ML/TF's risk profile marked by a large informal sector given the lack of regulation of risky sectors such as real estate and the gold trading sector. In addition, the FIU does not receive CTRs from reporting entities, despite the prevalent significant use of cash in transactions.

145. The FIU's STR has very limited analytical capacity, even though it does not receive many reports. The FIU's very inadequate human and material resources mean that it is unable to produce timely financial intelligence that is useful for criminal prosecutions and for the operational needs of the competent authorities through operational and strategic analysis of the information it receives.

146. Cooperation and the exchange of information between the FIU and the other institutional players involved in the fight against money laundering and terrorist financing are inadequate because the coordination framework is not very operational. There is little exchange of information between the FIU and the investigative authorities or with the other authorities responsible for AML/CFT. In addition, the little exchange that does take place is done without any guarantee of confidentiality and protection of the information exchanged, either by members and staff of the FIU or by the FIU's institutional correspondents.

147. **The Union of the Comoros is rated as having a low level of effectiveness on IO.6.**

3.3. Immediate Outcome 7 (ML investigations and prosecutions)

3.3.1 Identifying ML cases and investigating ML

148. The FIU of the Union of the Comoros identifies OC through the analysis of the STR it receives from reporting entities, but cases of identified OC that have been the subject of parallel financial investigations and prosecutions by the LEA are almost non-existent. The national AML/CFT policy and strategy document of the Union of the Comoros, adopted in June 2023, prioritizes investigations and prosecutions in relation to ML because it provides for "Drafting and communicating circulars to the magistrates of the Prosecutor's office for the processing of cases with regard to the offence of money laundering but also with regard to the predicate offences identified in the NRA as being the most important". But this AML/CFT strategy, which prioritizes the investigation and prosecution of ML offences, has not yet been implemented. In practice, the Union of the Comoros does not have a criminal policy in which the identification and investigation of ML is a priority objective for the investigative and prosecutorial authorities. The lack of such a policy is not compensated for by criminal guidance notes or circulars instructing the competent authorities to identify cases of ML and to conduct parallel financial investigations of ML. However, following the adoption of the NRA report, criminal investigation officers of the national gendarmerie and the national police would now prioritize investigations into offences identified as being the main ML threats. The Director General of the National Police has even issued a memo to this effect to his investigation units and sub-units.

149. Apart from the FIU, the Union of the Comoros does not have specialized human resources to identify, investigate, prosecute and judge cases of ML. However, following the adoption of the NRA report, the National Gendarmerie established an economic investigation unit at the Moroni Research Brigade and plans to transform this sub-unit into criminal investigation unit (Research Division) with national jurisdiction. The Research Brigade is supported by the Air Transport Gendarmerie Brigade and the Ports Brigade, which have regional branches on the islands of Moheli and Anjouan. The National Police has also established an economic and financial brigade in addition to the Anti-Drugs Unit, which is part of the Central Criminal Investigation Department, to better identify and investigate cases of drug trafficking. In addition to these investigative structures, there is the mixed brigade, made up of police officers and gendarmes, which is responsible for conducting investigations into human trafficking and migrant smuggling. In addition, the Comorian authorities have established a judicial centre to combat terrorism and money laundering (art. 34 and 96 of AML/CFT Law 21-004/AU), which is not yet operational. This specialized structure will be staffed by magistrates and specialized police officers with powers to identify, investigate, prosecute and try cases of money laundering. These include the CIDs, the State Prosecutor and the examining magistrates of the Moroni High Court, which is to host this specialized criminal unit.

150. The law enforcement authorities (LEA) are not adequately trained to identify, investigate and prosecute ML cases. They therefore lack the training to effectively conduct parallel financial investigations into ML. It is true that Comorian legislation (Articles 31 and 32 of AML/CFT Law No. 12-008/AU and Articles 46 to 65 and 96 of AML/CFT Law No. 21-004/AU) provides for the use of special investigative techniques in the context of investigating money laundering offences and the predicate offences, but they are not practically implemented by the LEAs due to a lack of training. Indeed, some LEAs explain that the lack of use of special investigative techniques is linked to the lack of practical modalities to implement these techniques whereas articles 46 to 65 of AML/CFT Law 21-004/AU provide in great detail these means of implementing special investigative techniques in the Union of the Comoros. In addition to the lack of training, the LEAs that have been made aware of the existence and usefulness of special investigation techniques in relation to ML financial investigations do not have the financial resources to implement them, even though they are essential to the detection and effective financial investigation of ML. This deficiency naturally compromises both ML investigations relating to FIU reports and parallel ML financial investigations. In fact, the Union of the Comoros' LEAs are essentially capable of conducting criminal investigations aimed at establishing evidence of the underlying offence, to the detriment of ML parallel financial investigations. This state of affairs is demonstrated by

the lack of financial investigations for ML in the "gold nuggets and Nazra" cases, despite the many clues pointing to the laundering of gold smuggling, corruption and certain major threats such as fraud, forgery and embezzlement of public funds.

Box 3.2: Investigations into Cases of Exclusively Predicate Offences to ML.

Case 1: Gold Nuggets Case

On 26th December 2021, the civil aviation authorities issued landing clearance for a private jet from the United Arab Emirates. Following this authorization, the DNDPE turned its attention to an in-depth review of the flight, which was to carry two Madagascans and a Comorian on board. Since then, the DNDPE has been investigating the Malagasy passengers scheduled for the flight. The Malagasy intelligence services revealed, in their exchange with the DNDPE, that those individuals were urgently wanted for gold trafficking.

Informed of this situation, the DNDPE immediately took over and launched in-depth investigations. Discreet trailing was put in place to monitor the movements of the passengers concerned. On the day of departure, the passengers turned up early at the airport, managing to pass through the scanners and metal detectors thanks to the complicity of airport security officers. However, thanks to the diligence of the DNDPE in collaboration with the national gendarmerie, the Comorian authorities managed to intercept them before they could leave the country.

Cross-examinations and searches were carried out by the gendarmerie, which immediately opened an investigation. The documents and goods seized during the searches enabled the identification of a vast network of criminals operating with accomplices at Comoros airport. It emerged that eleven (11) illicit gold trafficking operations, involving quantities ranging from 15 to 40 kg, had transited through Hahaya airport since September 2021. These criminals, acting as part of an organized gang, had been setting up their network since July 2021. A Madagascan national living in the United Arab Emirates was at the head of this operation. He organized the illegal export of gold nuggets from Madagascar via Comoros airport to the Emirates.

The accomplices at Hahaya airport were mainly members of staff. One airport official admitted that he received 250 euros per kg of gold in order to facilitate illegal transit through the airport. Other airport staff received between €40 and €80 per kg of gold. Previously, once the cargo had been recovered off the coast of Anjouan, it was transported to Grande Comore by concealing it in coolers that were supposed to contain fish destined for the coast of Chindini, in the south of Grande Comore.

Thanks to cooperation with the Emirati intelligence services, it was discovered that the traffickers were using false receipts issued by WW SARL to justify the purchase of gold in Mali when passing through customs in Dubai. The gold was then sold to PTT TRADING LLC in the United Arab Emirates.

At the end of the investigation, the reports were forwarded to the Moroni Prosecutor's office, which arraigned the defendants before the criminal court. Sentences ranging from five (5) to seven (7) years' imprisonment were handed down to those involved in this vast gold smuggling network. The two Madagascans were extradited to Madagascar at the request of the Madagascan authorities.

Source: DNDPE

Case 2: "Nazra" Case.

Following rumors of a financial scheme established by a young Comorian woman, the DNDPE collected and analyzed information on this case. The information revealed that the young Comorian woman had established a sort of investment fund based on a service contract that her company had signed with a foreign multinational company which provided solutions in the information and communication technology sector. In practice, she approached private individuals, civil servants and public officials, offering to invest in the business in return for a return on investment of between 10% and 100% of the capital invested within two weeks.

This financial arrangement had been in place since 2021 and investigations had revealed that there was no economic activity would enable her to generate such interest. It was a pyramid scheme of the "PONZI" type, which consisted in recovering the capital invested by some people in order to pay the capital and interest of others.

It ran into challenges when dissatisfied victims began demanding the capital invested. As a result, by December 2022, a number of victims could not recover either the capital or the huge interest payments promised. A preliminary list of the people who had invested in this case was drawn up on the basis of WhatsApp discussions with the respondent. Seventy-six (76) people were identified as having invested more than one billion forty-seven thousand seven hundred thousand Comorian francs (FC 1,047,700,000), including employees of two (2) state-owned companies.

Faced with the challenges of paying off the increasingly demanding victims, the young Comorian woman and her husband were issued with travel documents under false identities and were able to leave Comorian territory. In collaboration with the Interpol BCN-Moroni and the Madagascar and Ethiopian intelligence services, the DNDPE succeeded in having the couple "expelled" from Madagascar, where they had travelled after leaving the Comoros Islands. They were arrested in Addis Ababa and handed over from police to police by the Comorian and Ethiopian authorities. The young Comorian woman has been prosecuted and is being held in custody. Her willingness to cooperate with the judicial authorities led to more elucidating facts as well as the detection of the co-perpetrators and accomplices of the organized gang fraud of which she was indicted.

Source: DNDPE

151. Since the NRA, some CID officers from the National Gendarmerie and the National Police have received training in financial investigation, making them better equipped. These include officers from the National Brigade to Combat Migrants' Smuggling and Human Trafficking in Persons, commonly known as the Mixed Brigade, the Economic and Financial Brigade of the National Police, Research Brigade, Air Transport Brigade and Ports Brigade of the National Gendarmerie. However, the training provided is inadequate. In fact, from 2015 to 2023, only forty-eight (48) gendarmes received training in financial investigations from the ML, while eight (8) police officers were trained from 2021 to 2023.

152. The identification, investigation and prosecution of ML also seem to be hampered by endemic corruption¹¹ in the Union of the Comoros, according to the NRA report. Between 2011 and 2016, the National Commission for Preventing and Combating Corruption (CNPLC), which has the powers of a Criminal Investigations Structure, referred fifty-five (55) cases to the Prosecutor's office. The relevant Comorian authorities have not provided statistics on the prosecution of these cases based on a specific request. The NRA report shows that two of these cases were prosecuted. Nine (9) people had been arrested in connection with these two cases, who are yet to be arraigned for trial. The CNPLC, which had been monitoring these cases, was dissolved by Presidential Decree No. 16-228/PR of

¹¹OCINDEX.NET/COUNTRY/COMOROS

8th September 2016¹². However, the existence of the CNPLC was a vehicle for identifying acts of corruption, including the laundering of proceeds, even though some Comorian authorities maintain that its members had no jurisdiction to conduct such investigations. The CNPLC received reports of corruption by mail, telephone or direct referral. Given that the fight against corruption faces the challenges of identification and detection, it is difficult to understand why the CNPLC, which had fifty-five (55) corruption cases referred to the Prosecutor's office, should be dissolved.

153. The alleged dysfunctions of the CNPLC to justify its dissolution must be viewed with caution, especially as its action represented a kind of break in the impunity observed in relation to corrupt practices that were routinely the subject of investigations. In fact, an effective system for combating money laundering is dependent on effectiveness in the fight against corruption, which can hamper ML investigations. After the dissolution of the CNPLC, the independent anti-graft authority, a few cases of corruption were identified by the investigating officers of the national police and the national gendarmerie and prosecuted by the Prosecutor's office. The police and gendarmerie officers who supported the CNPLC in its corruption investigations are well aware that this defunct body did not have exclusive jurisdiction to investigate corruption and related offences. Admittedly, six (6) people were prosecuted and convicted in 2020 and 2021, including in the "gold nuggets" case, but this is still inadequate in view of the corruption risk highlighted even in some STRs filed by reporting entities to the FIU¹³ after the CNPLC was dissolved, and in view of the fact that corruption is a major threat to ML in the country.

154. The LEAs of the Union of the Comoros we met recognize this reality of corruption, which is a challenge for ML investigations in the country. However, they maintain that the trend has changed since the NRA. There is therefore a growing political will to fight corruption, which affects the impartiality of the LEAs following the work of the NRA.

155. The National Documentation and State Protection Department (DNDPE) is a Comorian intelligence agency which does not naturally have CID powers in ML issues. But it provides support to police officers in detecting cases of human trafficking by passing on information leading to trafficking investigations. There has even been a court hearing relating to intelligence on human trafficking. A commission established under the aegis of the DNDPE collects and analyses information that is forwarded to the State Prosecutor for legal action. In the same vein, judicial cases, success stories in the Union of the Comoros, in particular the so-called "gold nuggets and Nazra" cases, have been detected through the DNDPE, which has worked in synergy with LEAs with a view to making arrests. The investigative authorities also refer cases to the DNDPE to seek its assistance in establishing evidence of a ML offence. However, it cannot be maintained that this collaboration between the DNDPE and the LEAs is effective, given the virtual non-existence of ML cases arising from parallel investigations. In fact, only six (6) introductory indictments relating to ML prosecutions are from 2018 and 2023. The predicate offences emerging from these 2023 ML prosecutions are tax fraud, forgery, embezzlement of public funds, organized fraud and customs fraud. This number of cases identified and prosecuted is certainly very limited in relation to the ML risk identified in the country.

Table 3.4: ML Prosecutions on Parallel Financial Investigations

Years	2018	2019	2020	2021	2022	2023
Prosecution for ML	01	00	00	00	00	05

Source: FIU

156. The AEEP of the Union of the Comoros, in particular the Directorate General of Customs (nuggets case) and the FIU, receive information from their foreign counterparts which leads to investigations and prosecutions by the ML. On the basis of information received from its Madagascan counterparts, Comoros Customs, supported by the DNDPE,

¹² 2022 NRA Report of the Union of The Comoros, p.35.

¹³ 2022 NRA Report of the Union of The Comoros p.43.

was able to seize forty-nine (49) kg of gold worth three million euros at Hahaya airport. The FIU also received requests for information from its foreign counterparts, which resulted in two reports being forwarded to the Prosecutor's office.

157. The Tax Department and Customs Department are in charge of conducting tax and customs investigations. Where the offences are not punishable by administrative fines, they may refer the facts of tax or customs fraud to the Prosecutor's office or file this information to the FIU. However, the Tax Department and Customs Department have not yet exercised this option. This may be due to a lack of training for customs and tax officers in handling cases involving the laundering of proceeds of tax and customs fraud. On the other hand, the Tax Department, which has received information requests from the FIU, has stated that some cases have been investigated.

158. The FIU helps to identify ML incidents. On receipt of the STR, it carries out in-depth analyses which result in reports sent to the State Prosecutor with a view to prosecution (see analysis IO.6). From 2016 to 2022, it sent eighteen (18) reports to the Prosecutor's office, which is obliged to refer the case to the presiding magistrate for criminal investigation. However, the Comorian judicial authorities have not provided any information on the follow-up to these FIU reports or those sent before 2016.

Table 3.5: Number of FIU Reports filed to the Prosecutor's office

Year	2016	2017	2018	2019	2020	2021	2022	Total
FIU Report	02	02	08	01	04	00	01	18

Source: FIU

Consistency of ML investigations and prosecutions with threats, risk profile and national AML policies

159. The Comorian authorities are not investigating and prosecuting criminal offences in line with the country's risk profile. Indeed, the NRA of the Union of the Comoros reveals that fraud, corruption, forgery, breach of trust, drug trafficking and embezzlement of public funds are the main threatening predicate offences. In practice, the investigations carried out by the Union of the Comoros' LEAs highlight the main threats to ML identified by the NRA. However, there have been no parallel financial investigations of MLs in relation to these predicate offences, which are consistent with the country's risk profile. Contrary to the other main predicate offences, there have been no criminal investigations of corruption since the dissolution of the CNPLC during the period under review (2020-2022), even though the risk of corruption is real in the Union of the Comoros, especially with regard to LEAs.

Table 3.6: Investigations Conducted based on Threats

Number of investigations per predicate offence	2022	2021	2020
Scam	09	10	12
Corruption	00	00	00
Forgery and use of forgery	46	22	12
Breach of trust	18	10	02
Drug trafficking	56	60	62
Embezzlement of public funds	04	05	02
ML	00	00	00

Source: FIU

160. From 2016 to 2022, the FIU forwarded eighteen (18) reports to the Prosecutor's office with a view to the mandatory judicial investigation. The NRA report shows that these reports relate to the predicate offences of fraud,

embezzlement of public funds, corruption and tax fraud¹⁴. The existence of corruption in the STRs in 2018 as well as in the FIU reports sent to the prosecutor's office further highlights the reality of the risk and threat of corruption in the Union of the Comoros even though the LEAs have not conducted the relevant investigations during the period under review (2020-2022) since the CNPLC was dissolved in 2016. In addition to corruption, which has been revealed by seven (7) STRs, the STRs as well as the FIU reports, from 2018 to 2023, relate to fraud, forgery and embezzlement of public funds, which are among the main ML threats identified in the NRA. The offences of breach of trust and drug trafficking do not appear in the STRs or in the FIU reports, even though they have been investigated, prosecuted and convicted by the LEAs. Admittedly, there is consistency between the ML investigations and prosecutions linked to the FIU reports and the country's risk profile, but not all the predicate offences identified as being the main ML threats in the NRA are covered by the said reports. This may be linked to inadequate implementation of preventive measures by reporting entities, especially DNFBPs, given their level of AML/CFT/PF preparedness.

Table 3.7: Number of STRs by Predicate Offence from 2018 to 2023.

OFFENCES	YEAR					
	2018	2019	2020	2021	2022	2023
Scam	04	01	01	02	03	04
Corruption	01	00	00	00	00	00
Forgery and use of forgery	03	00	01	00	01	06
Breach of trust	00	00	00	00	00	00
Drug trafficking	00	00	00	00	00	00
Embezzlement of public funds	00	00	01	00	02	01
TOTAL	07	01	03	02	06	05

Source: FIU

161. Furthermore, some of the main ML threats identified in the NRA appear in the convictions relating to the predicate offences in the Union of the Comoros, even though they were not mentioned in any STR and therefore in any FIU reports transmitted to the Prosecutor's office. Unfortunately, there have been no financial investigations for ML into these offences. The lack of convictions for some of the main threats identified in the NRA, such as fraud, corruption, forgery and embezzlement of public funds, underlines the inconsistency between investigations and prosecutions as well as convictions and the country's risk profile.

Table 3.8: Convictions for Predicate Offences identified in the NRA

Year	2020	2021	2022	Total
Scam	00	00	00	00
Corruption	00	00	00	00
Forgery and use of forged documents	00	00	00	00
Breach of trust	23	19	14	56
Drug trafficking	08	08	11	27
Embezzlement of public funds	00	00	00	00
ML	00	00	00	00

Source: Ministry of Justice

¹⁴ 2022 NRA Report of the Union of The Comoros, p.43.

162. In the Prosecutor's offices of the three (3) islands, investigations and prosecutions relate to the main threats of OC identified in the NRA, to the exclusion of OC. The Comorian authorities have provided only six (6) introductory indictments relating to ML prosecutions, which do not identify the predicate offences in question. There has therefore been no parallel financial investigation by ML in relation to the main threats investigated.

Table 3.9: Prosecution of Main Threats identified in the NRA

Predicate offences	2020	2021	2022	Total
Scam	26	15	32	73
Corruption	00	00	00	00
Forgery and use of forged documents	26	08	15	49
Breach of trust	29	13	29	71
Drug trafficking	44	14	15	73
Embezzlement of public funds	00	00	02	02
ML	00	00	00	00

Source: Ministry of Justice

Types of ML cases prosecuted

163. The Union of the Comoros obtained types of cases of self-laundering, laundering by a third party and stand-alone laundering through the same conviction decision for ML. The Comorian authorities obtained only one conviction for ML. This decision relates to self-laundering, money laundering by a third party and stand-alone money laundering, even though the conviction decision does not adequately highlight the first two types of ML cases mentioned. For example, the analysis of the ML trial reveals that the perpetrators of the predicate offences that generated the funds to be laundered were not prosecuted and convicted for ML (self-laundering) and that the predicate offences that generated the laundered funds were not prosecuted (stand-alone ML). However, the CEO of the bank that assisted in the ML activities (ML by a third party) was prosecuted and convicted for ML.) In the statistical data produced by the Comorian authorities, eighteen (18) FIU reports were forwarded to the Prosecutor's office for prosecution. The Union of the Comoros did not indicate the types of ML cases resulting from these reports transmitted to the Prosecutor's office. However, an analysis of six (6) introductory indictments from 2018 and 2023 suggests that these ongoing cases relate to stand-alone money laundering.

Effective, proportionate and dissuasive sanctions

164. The sanctions imposed by the Comorian authorities in the ML case alone are not proportionate and dissuasive. In fact, in the Union of the Comoros, individuals are liable to prison sentences of between three (03) and ten (10) years for ML, and a fine of up to five times the value of the assets or funds involved in the ML transactions. These sanctions are doubled if the offence is committed, inter alia, in the course of a professional activity or on a regular basis and if the value of the laundered assets exceeds ten (10) million Comorian francs. In this case, the defendant was sentenced to thirty-six (36) months' imprisonment including twelve (12) months' confinement and a fine of one million (1,000,000) euros or the equivalent in Comorian francs. The ML offences were committed in the exercise of a professional activity, and the sums involved in the ML offences of 1,072,470 euros are well in excess of KMF 10,000,000. This constitutes an aggravating circumstance requiring that twice the ML sanctions incurred by individuals be imposed. However, the prison sentences and fines actually imposed are well below the quantum provided for. They are not proportionate and do not act as a deterrent in view of the seriousness of the ML offences. While the twelve (12) month prison sentence was enforced, the fine was not, as the Treasury has not yet received the decision to enforce it due to the lack of an effective monitoring mechanism between the Treasury and the judicial authorities to

ensure that the sentences handed down are enforced. The deterrent effect of a criminal conviction also depends on its enforcement.

Use of alternative measures

165. The Comorian authorities have not yet applied alternative measures to the ML sentences. However, they believe that this is possible. In fact, if it is impossible to obtain a conviction for ML, the Comorian authorities state that they can use alternative qualifications to ML such as handling stolen goods or fraud.

Conclusions on IO.7

166. The Union of the Comoros did not obtain any convictions for ML in relation to any of the main threats of ML identified in the NRA. The only conviction was for self-laundering, money laundering by a third party and stand-alone money laundering, although the conviction does not adequately highlight the first two types of ML cases. The sentence handed down is not proportionate and dissuasive in view of the aggravated nature of the ML offences, but the sentence has not been enforced due to the lack of an effective monitoring mechanism between the Treasury and the judicial authorities to ensure that the sentences handed down are enforced. In cases where it is not possible to convict for ML, the Union of the Comoros applies alternative measures that are yet to be implemented in the country.

167. ML investigations are a priority in the Union of the Comoros' national AML/CFT policy and strategy document, but it has not yet been implemented. The LEAs are not specialized in ML and are therefore inadequately trained in parallel financial investigations, including special investigation techniques, so that few types of ML cases are identified, and investigations and prosecutions are not consistent with the country's risk profile. In addition, corruption investigations and prosecutions are mixed, due in part to the corruption of those involved in the criminal justice system, who struggle to clear up corruption cases referred by the CNPLC. Corruption within the LEAs (NRA report of the Comoros, paragraphs 60,83 and 84 have a negative impact on their impartiality and independence in ML investigations (box 3.2, case 1&2; para.204 of the MER). In addition, the CNPLC, which should be actively involved in the detection and investigation of ML related to corruption, has been dissolved after it has forwarded fifty-five (55) corruption cases to the prosecutor's office that have not yet been cleared up...

168. **The Union of the Comoros is rated as having a low level of effectiveness on IO.7.**

3.4. Immediate Outcome 8 (Confiscation)

Confiscation of proceeds, instrumentalities and assets of equivalent value as a policy target

169. The confiscation of proceeds, instrumentalities of crime and assets of equivalent value is not yet a real political objective in the Union of the Comoros, although the country has a satisfactory legal framework in this area. Indeed, the prioritization of seizure and confiscation is mentioned in the national AML/CFT policy and strategy document of the Union of the Comoros, adopted in June 2023 by the public authorities, which states that the country should "Draft and communicate guidelines to specialized investigative authorities to prioritize investigations into predicate offences generating significant illicit profits and to strengthen the identification, tracing and confiscation of

the proceeds of crime¹⁵". But it has not yet been implemented. The Union of the Comoros also does not have a criminal policy in which the seizure and confiscation of products and goods of equivalent value are a priority. The non-existence of such a criminal policy on seizure and confiscation is not compensated by circulars or guidance notes urging the LEA of the Union of the Comoros to consider the confiscation of proceeds, instrumentalities of crime and assets of equivalent value as one of the fundamental objectives of the fight against ML and FT. Nor does the Union of the Comoros have a guide to seizure and confiscation that would provide legal and technical assistance to investigators, prosecutors, judges and court clerks in the context of financial investigations of ML/TF.

170. The LEAs of the Union of the Comoros have the power to request reporting entities and all natural and legal persons to provide information that will enable them to identify the proceeds, instrumentalities of crime and assets of equivalent value to be seized with a view to their confiscation. In practice, this option is inadequately exercised, as investigations into predicate offences are given priority over ML investigations. From 2020 to 2023, the number of requests made by the investigative authorities for access to information from the FIU and other public and private entities remains very limited. The RCCM of the Moroni Commercial Court received only three (3) requests from the FIU and the DGI, excluding the criminal investigation units of the national gendarmerie and the national police. This is the consequence of the inadequate training received by the LEAs in parallel financial investigation of ML/TF.

171. The LEA of the Union of the Comoros, in particular the CID of the research brigade of the national gendarmerie, the economic and financial brigade and the mixed brigade of the national police, as well as the magistrates of the Prosecutor's office and the examining magistrates of the Moroni High Court, are not adequately trained to detect products, instrumentalities of crime and goods of equivalent value. This is also the consequence of the failure to operationalize the Legal division against terrorism and its financing and against economic and financial crime which have been established at the headquarters of each High Court. Thus, the lack of expertise to identify and trace the proceeds, instrumentalities of crime and assets of equivalent value that are liable to confiscation is a handicap for the LEAs of the Union of the Comoros. In fact, provisional seizure measures, which are the antechamber to confiscation, are almost non-existent.

172. The FIU of the Union of the Comoros receives STRs from AML/CFT reporting entities and, as part of the analysis of these STRs, it has the power to oppose the execution of a financial transaction for a period of forty-eight (48) hours if there is a cluster of indications of AML/CFT and if it plans to send an analytical report to the State Prosecutor. This has the advantage of preventing suspicious funds from being dissipated so that they can be seized at the behest of the judicial authorities. The FIU has made very little use of this power.

Table 3.10: FIU objections from 2018 to 2022

Year	2018	2019	2020	2021	2022
Number of objections	02	01	01	00	00

Source: FIU

173. The Comorian authorities we met maintain that it is the Prosecutor's office that enforces prison sentences after the registry has drawn up the enforcement documents. As for fines, they are enforced by the State Treasury following the transmission of final court decisions by the courts. The Treasury's collection department receives a list of court rulings imposing fines from the courts and proceeds with collection. However, the Treasury has difficulty

¹⁵Union of the Comoros, *Stratégie Nationale de lutte contre le Blanchiment de Capitaux et le Financement du Terrorisme et la Prolifération des armes de destruction massive*, 2023 - 2027, p.23

collecting certain fines because convicted offenders cannot be identified due to false addresses. In addition, the Treasury does not receive the list of fines to be enforced without delay, so that the outcomes of implementing the mechanism for enforcing court rulings are mixed due to the lack of consistent and effective coordination between the Treasury and the judicial authorities.

174. These coordination challenges between the State Treasury and the judicial authorities were even more acute in the case of fines imposed on convicted prisoners. Moreover, the State Treasury had not yet received for recovery the fine imposed, the only ML decision having been obtained by the Union of the Comoros. The failure to transmit court rulings to be enforced without delay to the State Treasury, given the lack of effective coordination with the judicial authorities, is a serious handicap to the effectiveness of the mechanism for enforcing court rulings that may be time-barred. In fact, there is a risk that any fines and confiscations ordered will not be enforced because the sentence is time-barred (art. 763, 764 and 765 of the Code of Criminal Procedure).

Table 3.11: Court Fines recovered by the Treasury

Description	2017	2020	2021
Number of verdicts executed	33	186	172
Annual amount of fines expected	1 158 598	9 167 000	23 115 500
Annual amount of fines recovered	631 700	1 615 000	5 321 500

Source: French Treasury

175. The State Treasury of the Union of the Comoros has not yet enforced confiscation orders in favour of the State. The lack of enforcement of asset confiscation orders in favour of the State by the State Treasury is the corollary of the limited number of confiscations for ML cases judged as well as the predicate offences. This could be attributed more to the lack of expertise on the part of the LEAs in identifying and tracing with a view to provisionally seizing assets for possible confiscation. However, in the "gold ingots" case, protective measures were taken to seize the 49 kg of smuggled gold, and the gold was subsequently confiscated in favour of the State. However, the Treasury had not yet received this decision for enforcement.

Confiscation of the proceeds of offences committed abroad and domestically, and proceeds located abroad

176. The Union of the Comoros has not adequately seized and confiscated the proceeds of offences committed abroad but does not identify and trace assets linked to criminal activity committed on its territory with a view to seizing and confiscating it abroad. In practice, cars stolen in France and imported into the archipelago have been seized and confiscated there. These cases of stolen vehicles are detected during vehicle customs clearance, when it is necessary to query the Interpol database of stolen vehicles.

Table 3.12: Predicate offences committed abroad with proceeds in the Union of the Comoros

Year	2020	2021	2022	Total
Number of cars stolen in France	57	34	40	131

Source: FIU

177. Furthermore, the Union of the Comoros, through Comorian customs, seized a quantity of forty-nine (49) kilograms of gold ingots worth more than three million (3,000,000) Euros at the end of 2021 at Hahaya airport, on the basis of information obtained from the DNDPE and the Malagasy authorities.

178. However, the competent authorities of the Union of Comoros have not yet received requests from their foreign counterparts to identify and trace the proceeds of offences committed abroad and liable to confiscation. Nor have they asked their foreign counterparts to identify or trace the proceeds of offences committed abroad with a view to confiscation. This is certainly not due to the lack of cases of offences generating proceeds and having foreign elements, but to the inadequate operational capacity of the competent Comorian authorities to actively seek mutual assistance in seizures and confiscations.

179. In fact, with the exception of the FIU, the other competent authorities of the Union of the Comoros are not adequately aware of the need to identify and trace the proceeds and instrumentalities of crime both at national level and abroad. They only conduct criminal investigations because they do not have the skills to conduct asset and financial investigations that could lead to seizures and confiscations. Otherwise, the inadequate confiscation of the proceeds of offences committed abroad and at national level as well as the proceeds located abroad by the LEA of the Union of the Comoros is not linked to the inadequacy of the legal framework of the Union of the Comoros, which is a party to the Vienna Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (accession on 1 March 2000), the United Nations Palermo Convention against Transnational Organized Crime (acceded to on 25th September 2003), the Merida Convention against Corruption (ratified on 11th October 2012) and the Convention for the Suppression of the Financing of Terrorism (ratified on 25th September 2003).

Confiscation of cross-border movements of cash and falsely declared/undeclared or under declared BNIs

180. The Union of the Comoros does not confiscate cash and bearer negotiable instruments that have been falsely declared/undeclared or under-declared in the context of cross-border movements. There is a mechanism for manually declaring cash and BNIs at the archipelago's borders; the process of digitalizing cash and BNI declarations is underway in the country. The Comorian authorities state that declarations are effective at Hahaya airport and at two maritime borders, which are the only international access borders to the country.

181. At the Hahaya airport visited, there is indeed a manual declaration system for both incoming and outgoing passengers from the Union of the Comoros. At the airport's entry and exit points, the customs department uses a manual register to receive currency declarations of five million (5,000,000) KMF (€10,000) or more, as well as precious metals or stones of equivalent value. Signs are posted visibly at the airport's entry and exit points reminding incoming and outgoing travellers of their declaration obligations.

182. However, the customs services of the Union of the Comoros do not have an effective mechanism for detecting cases of defective or false currency and BNI declarations. The airport's customs services do not have scanners at passenger entry and exit points, nor do they systematically search all passengers. To detect currency and BNI defects and false declarations, random inspections are carried out on incoming and outgoing passengers. In practice, however, no cases of defects or false declarations have yet been detected, which raises reservations about the effectiveness of this type of a posteriori control of currency and BNI declarations.

183. At the other two maritime borders not visited, where the mechanism for declaring currency and BNIs exists at the entry and exit points of the Union of the Comoros, there is a scanner exclusively for goods. However, no data was provided on cash or BNI declarations at these two (2) borders, such as the Hahaya air border. Although scanners exist to facilitate the detection of cases of defective or false declarations at these maritime borders, no statistical data was produced on the cases recorded.

184. In practice, in the Union of the Comoros, foreign currency in excess of five million (5,000,000) KMF (€10,000) is declared both on entry and exit in a register kept by customs. The Comorian authorities we met, in particular the customs and tax departments, explained that this procedure is used by traders importing goods from Dubai and China. The authorities' tolerance of this practice is attributed to the fact that these traders find it difficult to carry out

transactions in these countries via the banking channel. In fact, the authorities state that there are managers of foreign companies as well as Comorian traders bound for China and Dubai who carry amounts exceeding the sum of one hundred thousand (100,000) euros.

185. However, the Comorian authorities we met stated that it was not clear whether the currency carried by these outbound passengers was actually being used for commercial transactions in the destination countries. It cannot therefore be ruled out that the currency and BNIs are of fraudulent origin and are being used for ML/TF purposes. To clear up these suspicions, the amounts of these declarations are then forwarded to the FIU, which unfortunately is unable to follow them up because the identity of the declarants is not known. The data received by the FIU from customs cannot therefore be used to ascertain the legal origin and destination of currency and BNIs. However, a meeting between the FIU and Customs has clarified the nature of the data on cash and BNI declarations that must now be communicated to the FIU.

Table 3. 13: Statistics on Cash and BNI Declarations from 2018 to 2022

Year	Euro	KMF
2018	44 062 571	21 677 022 429,16
2019	46 995 777	23 120 042 452,92
2020	22 956 170	11 293 517 393,20
2021	121 773 917	59 907 896 207,32
2022	126 116 178	62 044 114 928,88

Source: DGD

186. In practice, the various agencies at the entry and exit points, especially at Hahaya airport, work together to carry out their respective tasks. Discussions with the border police, customs and the airport manager revealed that the various agencies at Hahaya airport work in a complementary manner to carry out their respective tasks. This confirms the existence of a mechanism for exchanging information between the border police, the national gendarmerie and the customs authorities on illegal trafficking, including the control of the transport of cash and BNIs. Exchanges with customs at Hahaya airport, the border police and the Hahaya airport "manager" established the existence of an informal information/intelligence exchange mechanism that enables the various bodies to provide each other with information relating to their respective missions.

187. The border police at Hahaya airport have often been alerted to cases of suspicious packages by the airport's security and safety services, which inspect and screen goods. In order to ensure that Hahaya airport runs smoothly, a monthly meeting has been arranged between the airport "manager", customs, border police and gendarmerie, during which, in addition to airport safety and security problems, issues relating to collaboration among the services, including the exchange of information and intelligence, are discussed.

188. It was the effectiveness of this mechanism for sharing information and intelligence between customs and the immigration police in relation to illegal trafficking, including the control of the transport of cash and BNIs, that the police at Hahaya airport were alerted by customs about a passenger carrying a large quantity of gold, with a view to setting up a targeting system. The passenger was indeed targeted by the police, who followed him until he was arrested by customs after completing the immigration entry formalities. The police even lent a hand to customs to facilitate the arrest of the offenders. This led to the seizure of forty-nine (49) kilograms of gold nuggets worth more than three million (3,000,000) euros at the end of 2021 (Gold nuggets case).

Consistency of confiscation outcomes with AML/CFT risks and national AML/CFT policies and priorities

189. The confiscations obtained in the Union of the Comoros do not support the consistency between the results achieved and the risks of ML/TF, as well as the national AML/CFT policies and strategy. Indeed, there is a lack of statistical data on confiscations relating to the main threats identified in the NRA. However, in the "ingots" case, twenty-eight (28) gold ingots weighing forty-nine (49) kilograms were confiscated in favour of the Comorian State, even though smuggling does not appear to be a major threat according to the NRA findings. As regards the only conviction for ML, there was no confiscation because no precautionary measures were taken in this case.

General conclusion on IO.8

190. The Union of Comoros has an adequate legal framework for the confiscation of criminal assets, with the exception of an effective mechanism for the recovery and management of seized and confiscated assets, other than precious metals and cash. The confiscation of the proceeds and instrumentalities of crime as well as assets of equivalent value is a priority in the national policy and strategy document of the Union of the Comoros, pending implementation. The LEAs are not specialized in the seizure and confiscation of the proceeds and instrumentalities of crime and goods of equivalent value. Although the country has confiscated the proceeds of offences committed abroad, in particular vehicles stolen in France, it does not identify, trace, seize or confiscate assets abroad that is linked to criminal activity committed on its territory.

191. Cash and BNIs above the prescribed threshold are indeed declared at the entry and exit points at Hahaya airport and at the two maritime borders, but the data communicated to the FIU does not allow action to be taken when there is a risk of ML/TF. In addition, cash and BNIs are not confiscated for non or false declarations because the competent Comorian authorities, who have an effective mechanism for sharing and exchanging information at the borders, do not have a scanner for post-clearance inspections on cash and BNI declarations at Hahaya airport. Conviction decisions for ML and predicate offences are enforced mainly only in respect of the prison sentence. The lack of statistical data on seizures and confiscations relating to offences that constitute the main threats of ML makes it impossible to substantiate the consistency between the results achieved and the risks of ML/TF as well as the national AML/CFT policies and priorities of the Union of the Comoros.

192. **The Union of the Comoros is rated as having a low level of effectiveness on IO.8.**

CHAPTER 4. TERRORIST FINANCING AND PROLIFERATION FINANCING

4.1. Key Findings and Recommended Actions

Key Findings

Immediate Outcome 9

- a. The Comorian legal system meets international standards and criminalize TF in accordance with the United Nations Convention for the Suppression of Terrorism Financing. The law enforcement authorities of the Union of the Comoros are yet to be sensitized on the types of TF activities in the country.
- b. The units and sub-units of the criminal investigations department of the national gendarmerie and national police - research brigade, the ports brigade and air transport brigade of the national gendarmerie - are empowered to investigate TF but they are yet to identify a single TF case that has been investigated. The LEAs of the Union of the Comoros are not yet specialized in TF investigations and lack the material and financial resources to implement the special investigative techniques that are essential to their effectiveness;
- c. The recently adopted national AML/CFT strategy of the Union of the Comoros does not include TF investigations due to the lack of a coherent organization of preventive (intelligence agencies) and law enforcement authorities (LEAs) through effective cooperation and coordination among the various stakeholders;
- d. The Comorian authorities have not yet detected, investigated and prosecuted any TF cases that are in line with the country's risk profile and the NRA findings or otherwise. There is no consistent coordination among the intelligence services, including the DNDPE, the FIU and intelligence services of the police, the gendarmerie, customs and the LEA in the fight against terrorism and its financing;
- e. With no convictions secured, it has not been possible to assess whether the sanctions provided for against natural and legal persons found guilty of TF offences are effective;
- f. Since the Union of the Comoros has not detected any TF case, the implementation of criminal, regulatory or other measures to disrupt TF activities where it is not possible to obtain a conviction for TF could not be assessed.

Immediate Outcome 10

- a. The Union of the Comoros has a legal and institutional framework that is compliant to a greater or lesser extent, with the FATF standards and international standards for the implementation of Targeted Financial Sanctions related to terrorist financing, adopted under UNSCR 1267, 1373 and subsequent resolutions;
- b. The Technical Advisory Committee on Administrative Freezing established by Decree 23_074/PR of 25th July 2023 to assist the Minister of Finance in his role as the competent authority in this area is not operational;

- c. The dissemination of TFS lists related to TF to persons likely to hold assets and other resources belonging to the persons and entities concerned is not timely because of a publication and notification mechanism that does not allow for the immediate implementation of TFS related to TF;
- d. Reporting entities are not adequately aware of the TFS, nor have they received any guidelines to help them fully understand and implement their TFS obligations related to TF;
- e. The Union of the Comoros has not specifically assessed the NPO sector in order to identify the sub-category or sub-categories most exposed to the risk of TF in order to apply targeted surveillance measures to prevent them from being misused for TF purposes;
- f. The risk-based control and supervision system for NPOs established through the creation of an inter-ministerial committee to monitor and supervise NGOs is not operational due to the non-appointment of members to the committee;
- g. NPOs are not sensitized on their risks of being misused for TF purposes and no mechanism has been put in place by their supervisory authority to effectively monitor their activities and record the donations they receive.

Immediate Outcome 11

- a. The Union of the Comoros has a legal and institutional framework that complies to a greater or lesser extent with the FATF standards and international standards for the implementation of Targeted Financial Sanctions related to the financing of the proliferation of weapons of mass destruction, adopted under the relevant UNSC Resolutions;
- b. The mechanism in place does not allow for the timely publication and notification of designation lists and UNSCRs relating to FIs in favour of reporting entities in the financial and non-financial sector and for all natural or legal persons;
- c. Reporting entities, particularly DNFBPs, are not aware of their TFS obligations related to PF and do not have appropriate procedures for consulting and screening the sanctions lists;
- d. No guidelines have been issued to reporting entities of any kind to help them effectively implement their TFS obligations related to PF;
- e. The Union of the Comoros has no national coordination framework to counter proliferation financing.

Recommended Actions

Immediate Outcome 9

The Comorian authorities should:

- a. Implement the national counter-terrorism strategy which not only incorporates TF investigations as a priority, but also further identifies the various types of TF activities in line with the country's risk profile and sensitizes and trains the LEAs to equip them to prosecute and secure effective convictions in line with the types of TF activities and the country's risk profile;

- b. Strengthen the capacity of the LEAs in special investigation techniques and the exchange of information and intelligence. They should provide the LEAs with adequate financial, material and human resources to identify cases and conduct TF investigations;
- c. Encourage the intelligence services and LEAs to give priority to coordinating their activities and exchanging information/intelligence with a view to detecting, investigating and gathering evidence in the context of TF investigations, leading to investigations, prosecutions and convictions;
- d. Raise awareness among LEAs on the need to implement alternative measures where they cannot obtain a conviction for TF.

Immediate Outcome 10

The Comorian authorities should:

- a. Clarify the nature and procedures for issuing the freezing decision provided for under Article 19 of Decree 23-074/PR for the immediate implementation of TFS issued under UNSCR 1267.
- b. Appoint its members without delay and operationalize the Technical Advisory Committee on Administrative Freezing established by Decree 23_074/PR of 25th July 2023 and responsible for assisting the Minister of Finance in his role as the relevant competent authority.
- c. Map out a mechanism for the timely notification of decisions on TFS related to TF to reporting entities and any other persons or entities concerned in order to promote implementation without delay.
- d. Develop guidelines for FIs and DNFBPs to help them effectively implement targeted financial sanctions and freezing orders issued by the competent authority.
- e. Operationalize the Inter-ministerial committee for the supervision and monitoring of NGOs as provided for in Decree 20-101/PR by appointing its members and conducting on-site inspections to ensure that the activities declared by the directors of NPOs are genuine and that they are complying with their AML/CFT obligations.
- f. Organize sensitization and training sessions for NPOs on the risks of being misused for TF purposes and their AML/CFT regulatory obligations.
- g. Revise Decree 23-074/PR on the system and procedures for implementing TFS related to TF-PF in order to address the outstanding gaps and clean up the text, which contains typos and other material errors that alter the meaning of the regulatory provisions contained therein.

Immediate Outcome 11

The Comorian authorities should:

- a. Map out a clear mechanism and clarify the nature of the freezing order provided for in Article 19 of Decree 23-074/PR for the immediate implementation of the TFS taken under the UNSCRs relating to the fight against proliferation financing.
- b. Improve its mechanism for notifying and publishing designations and UNSCRs relating to PF on how to implement the relevant freezing measures without delay.

- c. Raise awareness among reporting entities, particularly in the non-financial sector, to help them better understand their obligations in the implementation of TFS related to PF.
- d. Issue guidelines to all reporting entities to help them implement their TFS obligations related to PF, and help reporting entities in the non-financial sector establish appropriate procedures for consulting and screening sanction lists.
- e. Establish a national coordination framework for Counter PF activities, bringing together all the relevant stakeholders to ensure a harmonized understanding of the risks and their relevant obligations.

193. The relevant Immediate Outcomes examined and evaluated in this chapter are IOs.9-11. The Recommendations relevant to the evaluation of effectiveness in this chapter are Rs.1, 4, 5-8, 30, 31 and 39, and some elements in R.2, 14, 15, 16, 32, 37, 38 and 40.

4.2 Immediate Outcome 9 (TF investigation and prosecution)

4.2.1. Consistency of prosecutions/convictions of types of TF activities with the country's risk profile

194. The Union of the Comoros has not prosecuted or obtained any convictions in relation to TF activities consistent with its risk profile. According to the NRA report, TF activities in the Union of the Comoros include tontines, informal trading, particularly by East African nationals whereas the terrorists operating in Mozambique originate from East African countries or territories where the Swahili language is spoken and the taxi trade... which are exacerbated by the contentious religious currents vying for religious primacy in the country. Some of these protest movements have received funding from a foreign charity, the Al-Haramain Foundation. This foundation, which was active throughout the Union of the Comoros, was placed on the list of sanctions against Al-Qaida on 28th September 2004, in application of the provisions of paragraphs 1 and 16 of Resolution 1526 (2004).

195. The Al-Haramain-Comores Foundation was a branch of the Saudi-based Al-Haramain Islamic Foundation, a charitable and educational non-governmental organization, which was one of the main non-governmental organizations active in the world providing support to the Al-Qaida network¹⁶. In addition to this, the Comorian authorities we met said that informal money transfer systems, particularly the Hawala, are sources of TF, especially as the country is vulnerable on its maritime borders with Mozambique and Tanzania, where terrorism is rife in the north, in the province of Cabo Delgado. Worse still, on the borders of the Union of the Comoros, it has not yet seized any cash and falsely or undeclared BNI, which are nevertheless likely to be used for TF purposes. It is true that cash and BNIs exceeding the threshold are declared at Hahaya airport on entry and exit, but the data transmitted to the FIU does not allow it to carry out analyses despite the associated risks of LF.

196. The Union of the Comoros NRA report also states that "several individuals of Comorian origin or nationality have been involved in acts of a terrorist nature or supposedly so"¹⁷. This would mean that it is possible for Comorian citizens fighting in foreign jurisdictions to return to the Union of the Comoros to live there, even though Comorian law punishes foreign terrorist fighters. In addition, Comorian authorities interviewed stated that some Comorian citizens had been to Gao where the EIGS is active, and others had links with Al-Shabaab operating in Somalia. However, even though the Union of the Comoros has not yet suffered a terrorist attack on its territory due to the low risk of terrorism and its financing, there have been no TF-related prosecutions or convictions in connection with these types of TF

¹⁶ 2022 NRA Report of the Union of the Comoros, p. 146 and 147, n°513 to 519.

¹⁷ 2022 NRA Report of the Union of the Comoros, p. 144, n°505.

activities in relation to the country's risk profile. Moreover, the Comorian authorities we met stated that they had been informed of the presence of a member of AL-Shabaab on Comorian territory, but no investigation had been opened to clarify this information.

197. The legal framework of the Union of the Comoros criminalizes TF and empowers LEAs to prosecute and convict in relation to the types of TF activities consistent with the country's risk profile. But the lack of such prosecutions and convictions could be attributed less to the lack of types of TF activities as identified in the NRA. In fact, the competent LEAs have not been adequately aware of the types of TF activities identified in the NRA and have not conducted any investigations into them.

TF Identification and investigation

198. The Union of the Comoros has not yet identified any TF case that has been investigated. The Comorian authorities interviewed stated that the National Documentation and State Protection Agency (DNDPE) collaborates, through informal meetings, with the national police (mixed brigade, economic and financial brigade and anti-drug unit) and the national gendarmerie (research brigade, ports brigade and air transport brigade) as well as customs within the framework of actions designed to combat terrorism and its financing. So far, there is no formal framework for exchanges between the DNDPE and the LEAs of the police, gendarmerie, customs and the FIU. However, there is an informal synergy of action among these players with a view to detecting and identifying terrorist financing. However, this mechanism for collaboration between the competent preventive (DNDPE) and law enforcement authorities (LEAs) in matters of terrorist financing has not yet led to the identification and investigation of TF in the Union of the Comoros, even though the TF risk exists there. This casts doubt on the reality and effectiveness of this informal inter-agency collaboration to detect terrorist financing.

199. Although the investigation services have all the prerogatives to identify and investigate TF (see analysis of R.31), their skills are limited in terms of financial investigations, which are essential for the effective identification of TF. The lack of TF cases identified and investigated in the Union of the Comoros could be attributed to the inadequate training of LEAs in TF. The LEAs of the Union of the Comoros interviewed stated that they could not conduct any financial investigations into TF due to lack of training. They are also not in a position to implement the special investigative techniques essential to TF investigations. Some competent authorities even wrongly stated that the Comorian legal framework does not comprehensively provide for the implementation of special investigative techniques because of lack of training in TF investigative techniques. In fact, between 2021 and 2023, nine (9) police officers received training in TF, while no gendarme was trained in TF investigations during the same period. In addition to the lack of training, the LEAs of the Union of the Comoros, who have been trained on special investigative techniques, do not have the material resources to implement such techniques. In other words, the Union of the Comoros does not have the specialized human resource base to identify and investigate TF cases.

200. However, the Comorian authorities have established a judicial unit to combat terrorism and money laundering (Art. 34 and 96 of AML/CFT Law 21- 004/AU), which is not yet operational. This specialized structure will be staffed by specialized magistrates and criminal investigation officers with powers to identify, investigate, prosecute and adjudicate TF cases. These are the CID, the State Prosecutor and the examining magistrates of the Moroni High Court, which is to host this specialized criminal investigation unit. But before that, following the adoption of the NRA report, the National Gendarmerie and the National Police respectively established an economic and financial investigation unit at the Moroni research brigade and an economic and financial brigade to better identify and investigate TF cases.

201. The FIU, which is also one of the key players in the fight against terrorism and terrorist financing, is in charge of receiving and analysing STRs relating to terrorist financing. Although its resources are inadequate, the FIU has the human and material resources to identify TF cases by analysing the STRs it receives from reporting entities. However, it has not yet submitted any TF-related report to the Prosecutor's office. This could be rather attributed to

the level of understanding among reporting entities, especially non-financial reporting entities, of their AML/CFT preventive obligations. The Comorian customs have not yet detected any cases of defective or false cash and BNI declarations at its borders. Data on cash and BNI declarations that exceed the threshold are certainly filed to the FIU, but it cannot use them because the declarants' identities are missing. However, these cash and BNI declarations entail TF risks (see analysis of IO. 8).

Integrated TF investigation to support national strategies

202. In the AML/CFT strategy of the Union of the Comoros, adopted in June 2023, TF investigations are not yet a priority, even though the Comorian authorities have clearly expressed their desire to combat the misuse of non-profit organizations (NPOs) in view of the associated TF risks, according to the NRA report. Furthermore, the Comorian authorities' determination to combat the misuse of NPOs is not yet effective because the recently adopted strategy is yet to be implemented. However, the DNDPE and other intelligence services that collect and analyse information on terrorism and its financing are planning to interconnect their databases to facilitate both preventive and suppressive investigations into TF.

203. In fact, the Comorian intelligence authorities state that when they analyse the information collected, they can refer the matter to the competent judicial authorities with a view to opening investigations in the event of any cluster of TF indicators. The LEAs in charge of TF on their part, state that based on the NRA, they have been asked to prioritize TF investigations. In practice, however, in the Union of the Comoros, the integration of TF investigations into counterterrorism and counter-terrorism financing strategies is not facilitated by a consistent organization of the preventive (intelligence services) and law enforcement authorities (LEAs) through effective cooperation and coordination among the various stakeholders. In fact, the DNDPE, which has often been alerted about terrorist financing, has never referred any case to any criminal investigation department for thorough investigation.

204. In addition to explaining that it would be difficult to share such information without the agreement of the entities that provided it, the exchange clearly revealed suspicions regarding comply with for confidentiality and the proper use of the information sent to the LEAs by the DNDPE. This means that FT's investigations are also faced with the challenges of open collaboration between the DNDPE and the LEAs because of the risks of corruption inherent in the latter's activities. As a result, the effectiveness of investigations, which depends on sound cooperation between the DNDPE and the LEAs, as well as the FIU, is compromised by corruption, as is the case with FB investigations (see Analysis IO.7).

Effective, proportionate and dissuasive sanctions

205. The sanctions provided for TF in the laws applicable in the Union of the Comoros are proportionate and dissuasive if applied (see analysis of Rec.5) but Comorian courts have not yet prosecuted and convicted for TF. Consequently, it has not been possible to assess whether the sanctions provided for against natural and legal persons found guilty of TF offences are proportionate and dissuasive in the light of the facts.

Alternative measures taken where conviction for TF is not possible (e.g. disruption)

206. In the Union of the Comoros, there have been no investigations or prosecutions of TF that have resulted in convictions, so it has not been possible to assess the implementation of alternative measures to disrupt TF activities where it is not possible to obtain a conviction. However, the country provides that criminal and regulatory measures may be applied where it is not possible to obtain a conviction for TF. For example, where there is no or inadequate evidence of FT, the courts may convict for another TF-related offence where the evidence is more tangible.

General conclusion on IO.9

207. The Comorian legal system meets international standards and makes FT a criminal offence in accordance with the United Nations Convention for the Suppression of FT. The gendarmerie's research brigade, the ports brigade and the air transport brigade of the national gendarmerie as well as the economic and financial brigade, the mixed brigade and the anti-drugs unit of the national police are competent to investigate FT. Despite their powers of investigation and prosecution, the LEAs are yet to identify any TF case. They are grappling with numerous challenges such as inadequate training in parallel financial investigations of TF, lack of material and financial resources to implement the special investigative techniques essential to their effectiveness, inadequate coordination between the intelligence services (DNDPE, FIU...) and the LEAs for an effective exchange of information and intelligence to identify, investigate and prosecute TF cases. Besides, the Comorian courts have not yet prosecuted or convicted any TF case because they are not adequately aware of the types of TF activities, which is not commensurate with the country's risk profile.

208. The Union of the Comoros does not have a national counter-terrorism strategy that incorporates FT's investigations as a priority. With no conviction secured so far, it has not been possible to assess the effectiveness of sanctions against natural and legal persons or the implementation of criminal, regulatory or other measures to disrupt TF activities where it is not possible to obtain a conviction.

209. **The Union of the Comoros is rated as having a low level of effectiveness on IO.9.**

Immediate Outcome 10 (Preventive measures and financial sanctions relating to terrorist financing)

Immediate implementation of targeted financial sanctions related to TF

210. The Union of the Comoros has a legal and institutional framework that complies to a certain extent (see R.6) with the FATF standards and international standards, for the implementation of Targeted Financial Sanctions related to terrorist financing adopted under UNSCR 1267, 1988/1989 and 1373.

211. The Union of the Comoros recently designated by Decree, the Minister of Finance as the competent authority for administrative freezing, responsible, in liaison with the other stakeholders, for implementing the CFS without delay and proposing names and entities for inclusion on the sanctions list to the 1988/1989 UNSC Committees under UNSCR 1267 and subsequent resolutions, as well as on a national list under UNSCR 1373. The Minister is assisted in implementing the mechanism for freezing the assets of terrorists and those who finance them by a Technical Advisory Commission whose members have not yet been appointed. The Technical Advisory Commission on Administrative Freezing established by Decree 23-074/PR of 25th July 2023 is placed under the supervision of the Minister of Finance and is responsible, among other things, for facilitating the implementation of the TFS, proposing designations to the national list, and reviewing and giving its opinion on requests for access to frozen funds and other resources and for de-listing. It interacts with the FIU, which forwards to it the freezing decisions it makes and the requests for removal from the sanction lists sent to it by the persons and entities concerned.

212. Decree 23-074/PR, issued on 25th July 2023 in application of the provisions of Laws N°12-008/AU on AML/CFT and N°21-004/AU on the fight against terrorism and its financing, gives the Director of the Financial Intelligence Unit of the Union of the Comoros the prerogative to implement the targeted financial sanctions under UNSCR 1267 and subsequent resolutions by deciding, by any means in writing, to freeze the funds and other economic and financial resources of the persons and entities designated under the said resolutions. However, as the nature and modalities of the intervention of the Director of the FIU are not clearly defined, it is not possible to attest to

the implementation without delay of the TFSs related to TF and taken under UNSCR 1267, in addition to the lack of a concrete case and given the recent nature of the signature of the Decree establishing the regime for the implementation of TFS. Furthermore, these regulatory provisions appear to contradict the aforementioned legislation still in force, which provides that the funds of terrorists, persons who finance terrorism and terrorist organizations designated by the United Nations Security Council acting under Chapter VII of the United Nations Charter are frozen by ministerial order, without specifying the ministerial authority responsible for issuing the order. Ultimately, it is still not possible for the Union of the Comoros to implement the TFS relating to the financing of terrorism without delay, and no administrative freezing order has yet been issued to measure the effectiveness of the mechanism.

213. The lists of persons and entities subject to the TFS under UNSCR 1267 and subsequent as well as their updates are received in the Union of the Comoros by the Ministry of Foreign Affairs, through diplomatic channels, via the Permanent Mission of the Union of the Comoros in New York. However, the competent authorities of this ministerial department have not been able to prove that they have forwarded the said lists to the competent authorities for administrative freezing, in this case the Minister of Finance, even less in time for the implementation of the TFS without delay.

214. However, the FIU recently subscribed to a platform that enables it to download the United Nations sanctions lists and their updates before making them available to financial sector reporting entities, in particular by e-mail, but with a delay that does not comply with the principle of implementation without delay, as defined by the FATF. For example, the FIU sent the updates to the 1267 list and subsequent updates dated 29th June and 21st July 2023 on 4 July and 24 July 2023 respectively, i.e. more than seventy-two (72) hours after their publication.

215. However, some FIs, particularly those belonging to large banking groups, use commercial IT solutions to ensure they have timely access to sanctions lists and updates. These screening tools enable them to match their customer portfolio lists with the aforementioned sanctions lists to ensure that there are no matches. These tools are used at the time of entry into the relationship and enable them to manage homonyms to ensure that in the last resort, this is a false match.

216. With regard to non-financial sector entities and all natural or legal persons in the Union of the Comoros, it has not been established that they are aware of the United Nations sanctions lists under UNSCR 1267 and subsequent ones either by notification or by publication in the official gazette, in a legal information bulletin or on a public website.

217. With regard to the freezing of funds and other economic and financial resources under UNSCR 1373, it is the Minister of Finance who takes the decision by order, immediately after the designation of a person or entity on the national list, on the country's own initiative or at the request of a third country, and notifies it without delay to those subject to the freeze in the financial and non-financial sectors. However, the recent creation of a Technical Advisory Committee on Administrative Freezing, which is not yet operational, and the fact that no person or entity has been included on the national list under this UNSCR 1373, makes it impossible to assess the effectiveness of the mechanism for freezing without delay under this resolution on the initiative of the country or at the request of a third country.

Targeted approach, sensitization and supervision of Non-profit organizations at risk

218. In the Union of the Comoros, there are various categories of NPO, including associations, including foundations governed by Law No. 86-006/AF of 30 May 1986 on the contract of association, and NGOs governed by Decree No. 20-101/PR on the approval and operation of non-governmental organizations (NGOs). These different categories of NPO are subject to registration with the Ministry of the Interior. In the case of associations, the receipt issued within two weeks of the application for registration is equivalent to an authorization to operate. As for NGOs, a receipt is issued to allow them to operate while awaiting approval, which should be granted within three months of the application. However, it has been noted that since the adoption of the aforementioned Decree no. 20-101/PR, some NGOs continue to operate with deposit receipts, while others, because of the cumbersome nature of the new

registration formalities, are carrying out their activities without going through these formalities. In this regard, from 2013 to 2018, one hundred and eight (108) NGOs have been registered with the Ministry of the Interior, including five (05) with their headquarters abroad.

219. The monitoring and supervision of the general operation of NGOs, which make up the vast majority of the NPO sector, is entrusted to an inter-ministerial committee under the provisions of Decree no. 20-101/PR, in particular articles 12 to 15. However, this inter-ministerial committee is not yet operational, as its members have not yet been appointed and its operating procedures have not yet been defined in a regulatory instrument. Also, the supervisory authority for NGOs, in this case the Minister of the Interior, has not established any register to enable these NPOs to record the donations they receive above a certain threshold. Nor does it have the means to conduct on-site inspections on the effectiveness of the activities declared by the NPOs and does not regularly receive their annual activity reports, including their financial reports.

220. Thus, no risk-based supervision measures are applied to NPOs in the Union of the Comoros. Indeed, the lack of an operational mechanism for the supervision and monitoring of NPOs, including AML/CFT, and of a specific assessment of the NPO sector to identify the sub-category or sub-categories exposed to TF risk, does not make for the adoption of a risk-based approach to supervise and monitoring NPOs. Nevertheless, NRA notes that Islamic charities and/or educational organizations could be a source of terrorist financing. Indeed, in the past, the Al-Haramain Foundation, which was active in the Union of the Comoros, was placed on the Al-Qaida sanctions list on 28th September 2004, pursuant to the provisions of paragraphs 1 and 16 of Resolution 1526 (2004) as being associated with Al-Qaida, Usama Bin Laden or the Taliban because of its "participation in the financing, planning, facilitation, preparation, or perpetration of acts or activities by, in conjunction with, under the name of, on behalf of, or in support of" that organization. The Al-Haramain Comores Foundation was a branch of the Saudi-based Al-Haramain Islamic Foundation, which presented itself as a private, charitable, and educational non-governmental organization. It has since been banned from operating in the Union of the Comoros.

221. Not only were NPOs not involved in the national ML/TF risk assessment exercise, but they were also not made aware of the risks identified in their sector, let alone the means of mitigating them, in particular by using regular financial channels and controlling their sources of funding.

222. However, an ad-hoc inter-ministerial committee, in collaboration with the FIU, has undertaken activities to raise awareness among NPOs of their legal obligations under the CFT, particularly the measures outlined in Law N°21-004/AU on the fight against terrorism and its financing and Decree 20-101/PR. In addition, the National Documentation and State Protection Department (DNDPE), The union of the Comoros' main general intelligence service, has enabled the Comorian government to prepare a list of sixty-nine organizations suspected of terrorist activities worldwide, and has prohibited them, by order of the Minister of the Interior dated 9th February 2023, from carrying out any activities in Comoros. Previously, the Minister of the Interior had signed Order No. 21-011/MIDATI/CAB banning the organization "Air Darassa" from operating in the Union of the Comoros because of doubts about the origin of the funds used by the said organization.

Confiscation of TF assets and instrumentalities

223. The administrative freezing mechanism put in place in the Union of the Comoros (QE10.1) does not allow funds belonging to terrorists or their supporters to be made unavailable without delay.

224. However, in case of conviction, the assets involved in the terrorist financing offence, including the income and other benefits derived therefrom, the assets used to commit the offence and the assets belonging directly or indirectly to the convicted person and his or her spouse, cohabitee or children are confiscated. In addition, where the facts do not give rise to prosecution for the purposes of conviction, the prosecuting authorities may ask the judge to order the confiscation of the seized property where it is proven that the said property is the proceeds of the TF offence. However, with no proactive investigation into terrorism and its financing and of a STR associated with TF dealt with

by the Comorian FIU, it is not possible to assess the capacity of the law enforcement authorities to track down assets belonging directly or indirectly to terrorists and their financiers and to seize them with a view to confiscation. In fact, the law enforcement authorities lack qualified personnel to carry out proactive TF investigations in order to detect, locate and seize assets linked to terrorist activities for the purpose of disrupting the logistics of terrorist groups.

225. To date, no cases of freezing or confiscation of assets linked to terrorism, or TF have been recorded in the Union of the Comoros to enable the effectiveness of the system of depriving terrorists of their means of action and disrupting their logistics to be measured, even though the country has not yet experienced any terrorist acts.

Consistency of measures with TF overall risk profile

226. The NRA conducted by the Union of the Comoros revealed a medium TF risk in the country, which has not actually experienced any terrorist acts. However, the proximity of the Union of the Comoros to the East African coast and particularly to Kenya, Tanzania and Mozambique, notably the province of Cabo Delgado in the north-east of Mozambique, which has seen terrorist attacks on several occasions in recent years, exposes the country to the risk of terrorism and its financing. In this context, exacerbated by the risk of abuse of religious NPOs for FT purposes, as has been the case in the past (see analysis 4.3.2 above), the measures taken to control and monitor the activities of religious NPOs and to deprive terrorists and those who finance them of their assets and other economic resources are not consistent with the country's overall TF risk.

227. In addition, measures have not been taken to strengthen the capacity of the investigative authorities to carry out proactive terrorist financing investigations in order to detect assets linked to terrorist activities. Also, the technical advisory commission that has just been established by Decree 23-074/PR of 25 July 2023 is not operational to work on targets for inclusion on the national list for the purpose of listing and freezing the assets of listed persons or entities.

228. These deficiencies are not commensurate with the Union of the Comoros' overall risk profile.

General conclusion on IO.10

229. The Union of the Comoros has a legal and institutional framework that allows it to implement to a certain extent TFS related TFTPFS. However, the very recent designation of a competent authority for administrative freezing and the lack of a clear decision-making and implementation mechanism of freezing for TFS related to TF, particularly those under UNSCR 1267, and an effective mechanism for disseminating sanctions lists without delay, compromise the effectiveness of the freezing mechanism of assets belonging to terrorists and their financiers. The Technical Consultative Commission recently established by Presidential Decree is not yet operational and has therefore not yet worked on targets for designation under UNSCR 1373 in order to identify the persons and entities to be listed at national level and to freeze their assets. The Union of the Comoros has not issued any guidelines to assist reporting entities in complying with their TFS obligations.

230. Furthermore, the lack of a risk-based approach to the supervision and monitoring of NPOs at risk also fails to protect them from being misused for TF purposes.

231. These strategic deficiencies fundamentally compromise the effectiveness of the administrative freezing mechanism and this state of affairs is reflected with no decision to freeze and confiscate all TF-related assets and instrumentalities, notwithstanding the fact that the country has not experienced any terrorist acts to date.

232. **The Union of the Comoros is rated as having a low level of effectiveness on IO.10.**

Immediate Outcome 11 (Financial sanctions on proliferation financing)

Immediate implementation of targeted financial sanctions related to proliferation financing

233. The Union of the Comoros has a more or less compliant legal and institutional framework for the immediate implementation of TFS related to proliferation financing.

234. The Union of the Comoros recently designated, by Decree 23-074/PR of 25th July 2023, the Minister of Finance as the competent authority for administrative freezing, responsible, in conjunction with the other stakeholders, for implementing without delay the TFS related to proliferation financing. The Minister shall be assisted in implementing the mechanism for freezing of all funds and other economic and financial resources of persons and entities designated under the UNSCRs relating to the fight against proliferation financing by a technical advisory commission on administrative freezing, whose members are yet to be designated.

235. This Decree 23-074/PR, issued in application of the provisions of Laws N°12-008/AU on AML/CFT and N°21-004/AU on the fight against terrorism and its financing and against proliferation financing, gives the Director of the Financial Intelligence Service of the Union of the Comoros the prerogative to implement targeted financial sanctions under the UNSCRs on counter proliferation financing by deciding, by any means in writing, to freeze the funds and because the nature and modalities of the intervention of the Director of the FIU are not clearly defined, it is impossible to attest to the implementation without delay of TFS related to PF and taken under the relevant UNSCRs, coupled with. The lack of any concrete case recorded and considering the recent nature of the signing of the Decree establishing the TFS implementation regime.

236. The UNSCRs and lists of persons and entities subject to TFS related to proliferation financing are received in the Union of the Comoros by the Ministry of Foreign Affairs through diplomatic channels, via the Permanent Mission of the Union of the Comoros in New York. However, the mechanism in place does not allow for the timely notification of such UNSCRs to financial and non-financial sector entities and their dissemination to all natural or legal persons that may hold funds and other economic resources owned or controlled by persons or entities involved in proliferation financing. Besides, the country could not demonstrate that it had forwarded these UNSCRs to the reporting entities, or that it had published them in any legal News Bulletin or on a public website.

Identification of assets and funds held by designated persons/entities and related prohibition measures

237. The Union of the Comoros has no operating mechanism enabling reporting entities to identify assets and funds held by persons and entities designated under the TFS related to PF and those acting on their behalf. There is also no mechanism designed to adopt the requisite measures to prevent them from operating or carrying out PF-related transactions. Nevertheless, screening software enables certain FIs belonging to large groups to ensure that such persons and entities are not their customers, even occasionally. This screening system has not generated any positive cases to test the country's capacity to identify and restrain the assets and property belonging to the said persons and entities.

238. Furthermore, the Union of the Comoros has no diplomatic relations with the DPRK and has no trade relations with this country, thus preventing the direct or indirect supply, sale or transfer of any items that could contribute to its nuclear programme, its ballistic missile programme or other weapons of mass destruction programmes.

239. In addition, the National Maritime Affairs Agency (ANAM), under the directives of the Government, does not authorize vessels flying the Comorian flag to sail in North Korea or to carry out any North Korean-related operation. The slightest intrusion by a Comorian-flagged vessel into North Korean or Iranian waters will result in administrative sanctions against the ship owner and the removal of the vessel from the registers. As a result, since 2016, all

Comorian-flagged vessels sailing in the territorial waters of the DPRK have been deleted from the register. In addition, in 2017, the maritime department issued circulars to remind the ship owners flying the Comorian flag of their obligations in terms of compliance with the UNSCRs against Iran and the DPRK, particularly the ban on sailing in the territorial waters of these countries and maintaining any business relationship with these countries.

FIs and DNFBPs' understanding of and compliance with their obligations

240. The FIs have been made more or less aware of their obligations to implement the TFSs relating to the financing of the proliferation of weapons of mass destruction. In this regard, they use the same systems and procedures for implementing their TFS obligations related to TF. Some of these financial sector reporting entities understand their relevant obligations, particularly banks and DFIs, i.e. to freeze without delay all funds and other economic and financial resources of designated persons and entities for relating with any of their customers and inform the competent authority for administrative freezing without delay. However, the FI supervisory authorities do not conduct specific inspections on the sector's reporting entities' implementation of their TFS obligations related to PF, nor do they do so on an ad hoc basis during general inspections with a focus on the implementation of AML/CFT obligations. This lack of targeted inspections on the relevant obligations simply implies that it is impossible to assess the impact of the sensitization campaigns on the sector's reporting entities' understanding and implementation of their relevant obligations.

241. With regard to the DNFBPs, they have not benefited from any sensitization or training to understand their obligations in this area and, as a result, they have not put in place any mechanism or procedure enabling them to detect funds and other economic and financial resources belonging to persons and entities designated under the TFS linked to the IF and to freeze them without delay.

242. Furthermore, the lack of guidelines implies that not all reporting entities, regardless of category, have a clear understanding of their TFS obligations relating to the financing of the PWMD, and cannot implement them effectively and detect any circumvention or attempted circumvention of these TFS.

Competent authorities responsible for guaranteeing and monitoring compliance.

243. The FIs' supervisory authority, in this case the Central Bank of the Comoros, carries out on-site and off-site inspections to ensure that they are appropriately complying with all their AML/CFT/PF obligations. These controls are not specific to the obligations of these reporting entities with regard to the implementation of their TFS obligations related to PF. Furthermore, it has not been established that the supervisory and monitoring authorities, in the course of the inspections conducted over the last five years, have been able to monitor the reporting entities' compliance with their TFS obligations related to proliferation. Nor has any non-bank FI been to this kind of inspection.

244. It should be underscored that the BCC, which has the prerogative to supervise and monitor all financial sector reporting entities in this area, is not adequately equipped to do so, nor does it seem to have a proven interest in doing so.

245. With regard to the non-financial sector reporting and insurance entities, their supervisory and monitoring authorities are yet to be designated and therefore there is no effective control to measure the effectiveness of the measures put in place to enable them comply with their TFS obligations related to PF. This lack of a supervisory and monitoring authority for DNFBPs impedes the monitoring of the implementation of their relevant obligations.

246. Besides, there is no national coordination framework for counter proliferation financing, resulting in a lack of harmonized understanding of the country's PF risks as well as the relevant obligations of all respective domestic stakeholders.

247. Finally, it should be noted that in addition to the DNFBP sector, which is not supervised at all, the supervision and monitoring of financial sector reporting entities is not effective regarding the implementation of their TFS obligations related to PF and therefore has no impact on their compliance with the measures put in place for this purpose.

General conclusion on IO.11

248. The Union of the Comoros has a jurisdictional and institutional framework that is more or less compliant with the implementation of TFS related to PF. However, the institutional mechanism established to take measures to freeze all assets of persons and entities designated under the UNSCRs on counter financing of proliferation does not ensure implementation without delay. The lack of details on the nature and procedures for taking freezing decisions under the UNSCRs and for notifying reporting entities of the relevant designations without delay impedes the implementation TFS related to PF without delay.

249. Furthermore, no guidelines have been issued to these entities to enable them understand and effectively implement their relevant obligations, and there has been no inspection or supervision of reporting entities by the competent authorities.

250. **The Union of the Comoros is rated as having a low level of effectiveness on IO.11.**

Chapter 5: PREVENTIVE MEASURES

5.1. Key Findings and Recommended Actions

Key Findings

Financial institutions

- a. The NRA provided an opportunity to identify ML/TF risks at national and sectoral level. The fact that its conclusions and findings have only recently been disseminated implies that FIs have not been able to take ownership of them.
- b. Apart from banks belonging to an international or regional group, FIs demonstrated a limited understanding of their ML/TF risks. They did not identify ML/TF risks related to customers, products, services, distribution channels or geographical areas.
- c. Banks and DFIs generally understand their AML/CFT obligations. They have established AML/CFT policies and procedures. They implement appropriate customer due diligence measures using customer profiling and transaction screening tools. Information gathered at the commencement of any business relationship and transaction data are saved. They have established compliance departments and appointed their correspondent to the FIU. The STRs are mainly filed by these two categories of FI.
- d. Financial intermediaries and EMLs have a limited understanding of their AML/CFT obligations. Indeed, they do not always have ML/TF risk mitigating policies, procedures and tools adapted to their activities, customers, products or services. Besides, they very rarely, if at all, file STRs to the FIU, which makes it impossible to conclude that the requisite due diligence measures in respect of their customers are always being implemented.
- e. Insurance companies have a very limited understanding of their AML/CFT obligations. They have not established any ML/TF risk prevention system.
- f. No FI effectively implements the beneficial ownership identification obligation in the Union of the Comoros.

DNFBPs and VASPs

- a. The DNFBPs do not have a good understanding of the ML/TF risks within their business sectors. No category of DNFBP has conducted any internal assessment of ML/TF risks, nor has it developed any risk mapping.
- b. The DNFBPs do not understand their AML/CFT obligations and have no internal AML/CFT prevention programme. The non-implementation of preventive measures by DNFBPs affects the effectiveness of The Union of the Comoros' AML/CFT regime.

VASPs

- a. No active VASPs have been reported in Comoros, even though the country has not banned VA/VASP-related activities/operations. Also, with no regulations in force, there are no obligations applicable by VASPs.

Recommended Actions

Financial Institutions

The competent authorities should:

- a. Continue to disseminate the NRA conclusions and findings to all financial sector stakeholders, particularly the local banks, DFIs, financial intermediaries, EMIs and insurance companies. They should further sensitize them on the potential ML/TF risks arising from the main threats affecting their respective sectors of operation.
- b. Ensure that all FIs assess the ML/TF risks inherent in their activities, customers, products, services, distribution channels and geographical areas, taking into account the main threats identified in the NRA and develop policies, procedures and management and risk prevention tools.
- c. Sensitize FIs on their due diligence obligations regarding beneficial ownership identification and take measures to facilitate their access to such information;
- d. Ensure that FIs secure software to automatically access business databases in order to facilitate: (1) Risk-based monitoring and detection of unusual customer transactions, including international PEPs, (2) Identification of business relationships subject to targeted financial sanctions, and (3) Detection of transactions originating from or destined for high-risk countries. They should also automate the use of (i) The list of domestic PEPs in order to facilitate the detection of unusual transactions by the customers concerned and (ii) The national sanctions list, in the implementation of freezing measures.
- e. Ensure the implementation of their internal AML/CFT programmes within the FIs, provide adequately staffing for their compliance departments, appoint compliance officers and strengthen their AML/CFT prevention systems.
- f. Sensitize FIs, particularly DFIs, EMIs and insurance companies, on the need to detect and report suspicious transactions to the FIU in the implementation of their AML/CFT obligations.

DNFBPs and VASPs

- g. Sensitize and strengthen the capacities of all categories of DNFBPs on their AML/CFT obligations and sensitize them on the ML/FT risks at national level and in relation to their respective sectors.
- h. Ensure that Insurance companies and DNFBPs particularly those at high risk and materially important ones, (notaries, estate agents, chartered Accountants and lawyers) have AML/CFT regimes in place and implement their obligations.
- i. Formally ban all VA/VASP-related activities or map out an enforceable legal framework.

251. The relevant Immediate Outcome reviewed and assessed in this chapter is IO.4. The Recommendations relevant to the assessment of effectiveness in this section are Rs.9-23, and some elements of Rs.1, 6, 15 and 29.

5.2. Immediate Outcome 4 (Preventive measures)

252. The assessment of the implementation of preventive measures by the various sectors has been weighted more heavily for banks, DFIs, notaries, real estate agents and chartered accountants; heavily for financial intermediaries and lawyers; moderately for Electronic Money Institutions (EMIs) and dealers in precious gems and metals; and lightly for insurance companies. This weighting is based on the relative importance of each sector as well as the risks, context and materiality of the Union of the Comoros, as explained in Chapter 1.

5.2.1. Understanding ML/TF risks and AML/CFT obligations

Financial Institutions

253. The FIs participated in the national ML/TF risk assessment process, which evaluated the risks inherent in their operational sectors. To disseminate the conclusions and findings of this assessment, the FIU provided stakeholders with hard and electronic materials. It also organized sensitization workshops, in particular to enable those who did not participate in the process to learn about the ML/TF risks identified. The FIs discussed the NRA conclusions and findings at their management meetings, and in discussions with the assessment team, they were able to identify the main threats and vulnerabilities associated with their business sectors. However, due to the recent nature of the dissemination of the NRA report, the FIs could not take ownership of the main threats identified.

254. Banks belonging to an international or regional group have identified and assessed the ML risks associated with their customers, products, services and distribution channels, as well as their geographical areas, without covering the TF risks. These risks are taken into account and reflected in their risk mapping. As a result, they have demonstrated a fairly good understanding of the ML risks associated with their activities. The other banks have a limited understanding of their ML/TF risks because, although they have a risk mapping, it does not cover ML/TF risks related to customers, products, distribution channels or geographical areas. However, banks understand their AML/CFT obligations. They have policies, procedures and tools for profiling customers and screening transactions, as well as business databases (except for one for financial reasons). They use these tools to develop risk profiles of customers when they enter into a business relationship and to monitor their transactions. This makes it easier to detect unusual transactions carried out by customers, PEPs, customers subject to targeted financial sanctions and transactions originating from or destined for high-risk countries. The banks also update their account opening files annually. They have established compliance and internal control departments, provide training for staff and managers and submit to the BCC an annual report on ML/TF risk management. Furthermore, with no beneficial ownership identification mechanism in the Union of the Comoros, banks gather such information in practice at the time of entering into a relationship, based on a form designed for the knowledge of corporate customers (KYC). To achieve this, they use the Articles of Association to determine, based on the shareholding structure, the member(s) who ultimately control(s) these legal persons. While noting the usefulness of this practice, it should be noted that it is not enough for effective beneficial ownership identification.

255. DFIs do not understand their ML/TF risks. They have not assessed their risks and have no ML/TF risk mapping linked to customers, products, distribution channels or geographical areas. However, they do understand their AML/CFT obligations and have recently put in place policies and procedures to prevent ML/TF during the national risk assessment process. They have tools for profiling customers and monitoring their transactions. They prepare risk profiles of customers when they enter into a business relationship and update account opening files. They also provide their branches and front desks with a national list of PEPs, which does not always include people who are closely linked to them. This list is consulted manually to monitor the transactions of PEP customers. In addition, they have recently (after the NRA) established compliance departments which are not adequately staffed given the size and volume of transactions in their networks. Apart from the sensitization/training initiatives organized by the BCC and the FIU with the support of partners over the 2018-2022 period for DFIs, since 2022 only the largest decentralized financial institution in terms of market share has developed a training programme that it deploys in favour of its staff and

members. The other DFIs do not organize training for their staff or managers. Furthermore, with no beneficial ownership identification mechanism in the Union of the Comoros, only one DFI in practice gathers such information at the time of entering into a relationship, through a form designed for the knowledge of corporate customers (KYC). In this regard, it uses the Articles of Association to determine, based on the shareholding structure, the member(s) who ultimately control(s) these legal persons. Although this practice is useful, it is not enough for effective beneficial ownership identification.

256. Apart from banks and DFIs, money and value transfer services (MVTs) are mainly provided by financial intermediaries. The two intermediaries interviewed during the on-site visit have a limited understanding of their AML/CFT risks and obligations. They have neither assessed their risks nor developed a risk mapping taking into account their occasional customers, products and distribution channels and geographical areas. Nor do they have AML/CFT policies and procedures. However, one of the two financial intermediaries has just finalized a circular on entering into a relationship. They use the technical platforms made available to them by international money or value transfer companies to identify customers and monitor their transactions. Manual foreign exchange transactions are also provided to customers by one of the financial intermediaries (excluding banks). This intermediary has established an information system to identify occasional customers using identification documents (national identity card and passport) for the purchase or sale of foreign currency. A compliance officer has been appointed, but only one member of staff is assigned, due to financial constraints. Where applicable, staff and sub-agents receive regular training in accordance with MVTs ML/TF prevention programmes. With regard to manual foreign exchange transactions, apart from the sensitization/training sessions organized by the FIU in collaboration with the BCC with the support of partners between 2016 and 2021, staff have not always received adequate AML/CFT training, due to limited financial resources and inadequate sensitization among managers.

257. Electronic Money Institutions (EMIs) have a limited understanding of their AML/CFT risks and obligations. They have neither assessed their risks nor developed a ML/TF risk map adapted to their activities, products and services. In addition, although they have implemented tools for identifying customers (including PEPs) and monitoring their transactions, only one EME has AML/CFT policies and procedures. However, no EME complies with the obligation to implement targeted financial sanctions or to identify beneficial owners. In addition, only one EME designated its compliance officer during the NRA process.

258. Insurance companies do not understand their AML/CFT obligations and have not established any ML/TF prevention systems.

DNFBPs

259. All categories of DNFBP participated in the NRA process. They have access to the assessment report and have also participated in sessions organized by the FIU to disseminate the NRA findings. They have demonstrated a good understanding of the main threats related to their respective operational sectors. However, the DNFBPs have a poor understanding of their AML/CFT risks and obligations insofar as none of them has identified its own risks and has not established any internal ML/TF prevention programme as required by the AML/CFT law in force in the Union of the Comoros.

VASPs

260. There are no VASPs in the Union of the Comoros, although the country has not formally prohibited the activity. The assessment team also noted the lack of a legal framework for VAs/VASPs, including the lack of AML/CFT regulations for VASPs.

261. In a nutshell, apart from banks belonging to an international or regional group, FIs and DNFBPs do not have a good understanding of their ML/TF risks because they have no ML/TF risk mappings linked to customers, products,

distribution channels and geographical areas. Furthermore, only banks and DFIs understand their AML/CFT obligations and have AML/CFT prevention policies and procedures in place, as well as tools for profiling customers and monitoring their transactions. The other FIs and DNFBPs are totally or virtually unaware of their relevant obligations.

Implementation of risk mitigating measures

Financial Institutions

262. Banks have developed AML/CFT internal control policies and procedures. They have compliance functions, appointed AML/CFT officers and implemented tools such as risk maps. Only the risk mappings of banks belonging to an international or regional group take into account ML risks related to customers, products, distribution channels and geographical areas and do not deal with TF risks. However, the assessment team did not note any effective implementation of preventive measures proportionate to the level of risk identified by the banks. With the exception of banks belonging to international or regional groups, some of the measures taken in this area seem to be more concerned with compliance with laws and regulations than with managing and preventing ML/TF risks. Besides, the recent dissemination of the NRA conclusions and findings have not been taken on board by banks in their AML/CFT prevention programmes, the main ML/TF threats being corruption, fraud and tax evasion, with a view to strengthening their internal controls.

263. DFIs have implemented internal AML/CFT control policies and procedures. They have a compliance function and have appointed AML/CFT officers. Notwithstanding the implementation of this system, without risk assessment and ML/TF risk mapping related to customers, products, services, distribution channels and geographical areas, proportionate preventive measures cannot be administered according to risk levels. In the meantime, the measures taken seem to respond to a concern for compliance with laws and regulations. Furthermore, the recent dissemination of the NRA conclusions and findings are yet to be taken on board by DFIs in their main AML/CFT threats identified at national level in their ML/TF prevention programmes.

264. With regard to M/VTs, occasional customers' transactions are identified and monitored using the technical platforms of international money or value transfer companies, which consider the thresholds in force and take on board targeted financial sanctions to be implemented as well as countries designated by the FATF as high-risk. With regard to manual foreign exchange transactions, occasional customers are identified via the information system and on presentation of identification documents (national identity card and passport) for the purchase or sale of foreign currencies. Financial intermediaries do not implement risk-based due diligence measures. Furthermore, according to one institution we met, there are informal forex dealers in the Union of the Comoros who do not comply with measures relating to customer identification and amount thresholds.

265. Not all EMIs have internal AML/CFT procedures. Customers are identified when SIM cards are acquired. The transaction surveillance and monitoring platform takes into account the ceilings set for daily transactions (1,000,000 FC, or. 2,042 Euros) and the maximum authorized balance for electronic money holders (2,000,000 FC, or. 4,084 Euros). As part of the vigilance and due diligence measures, this platform generates alerts for a violation of regulatory provisions or the expiry of identification documents, providing an opportunity for EMIs to update the information collected when entering into a business relationship with the customer concerned. Although these measures are intended to address a concern for compliance with laws and regulations, the assessment team nevertheless noted that a customer may hold several accounts with the same EMI and have the maximum amount on each account, in violation of Article 29 of Regulation No. 01/2017/BCC/DSBR on the exercise of electronic money operations.

266. Insurance companies have not assessed their ML/TF risks and are not implementing the requisite preventive measures commensurate with the risk. Besides, none of the insurance companies we met with has appointed compliance officers and has tools for profiling and monitoring transactions.

DNFBPs

267. Since the DNFBPs do not understand their AML/CFT obligations, none of them has conducted any internal ML/TF risk assessment or developed any relevant risk mapping. As a result, they are not implementing proportionate measures to mitigate their risks.

VASPs

268. VASPs are not governed by AML/CFT laws and regulations. The country has not identified or assessed the ML/TF risks emanating from transactions related to VAs and VASPs. As a result, no stakeholder can implement measures to mitigate the ML/TF risks associated with its activities. Besides, the assessment team did not record the existence of any VA-related operations or transactions in the Union of the Comoros.

269. On the whole, the assessment team noted that most of the FIs and all DNFBPs have not developed their internal ML/TF risk assessments in order to apply mitigating measures. From the discussions between the assessment team and the stakeholders they met, it appears that compliance with the requirements of international standards in terms of risk mitigation has started becoming a target for almost all FIs and all DNFBPs, only after the NRA. This situation could be attributed to a lack of awareness and training among reporting entities on the need to identify risk mitigating measures arising from institutional risk assessments and the lack of guidelines to help them conduct these assessments.

Implementation of due diligence measures and record-keeping requirements

Financial Institutions

270. Banks and DFIs have established prevention programmes enabling them to fulfil their obligations of vigilance, reporting and document retention. They verify customers' identification documents as soon as they enter into a business relationship, to ensure compliance with AML/CFT procedures. They have information systems and software for screening and monitoring transactions, which they use to monitor the consistency of customer transactions with their activities. This software can also be used to trigger an alert if necessary. They carefully examine the transactions carried out throughout the relationship to ensure that they are consistent with their knowledge of the customer's risk profile and activities.

271. Apart from insurance companies, financial intermediaries and EMIs identify customers when they enter into a business relationship and throughout the relationship, although most of them do not have AML/CFT policies and procedures. However, the effective enforcement of due diligence measures seems inadequate for financial intermediaries, given the volume of their transactions and the appointment of a single compliance officer to deal with AML/CFT issues.

272. To carry out financial transactions, banks and DFIs collect information on the originator and the beneficiary. However, beneficial ownership identification is a major problem. Although some FIs have identification forms, they do not have the capacity to identify the beneficial owner of a business relationship or a transaction, because there is no mechanism in the Union of the Comoros to identify the person who ultimately controls a legal person or legal arrangement. In addition, the establishment of a business relationship or the execution of a transaction is rejected when the customer due diligence measures have not been fully implemented, particularly when the customer has not provided all the relevant information and documents needed to identify him/her, to determine the nature of his/her business and the ownership and control structure of legal persons and arrangements. In practice, the country could not provide any information to document cases of refusal to establish a business relationship or to carry out transactions.

273. With the exception of insurance companies, FIs keep customer identification documents and transaction data for a period of at least 5 years from the cessation of the relationship or conclusion of the transaction. They must be available in a physical format that is easily accessible. However, apart from the EMIs that digitise identification documents and data on financial transactions, no FI has an appropriate record-keeping system to save and protect customer data against natural disasters and fire.

DNFBPs

274. The regulations governing certain professions, particularly notaries, lawyers and chartered accountants, require them to identify their customers and keep all records relating to their business relationships. However, when it comes to AML/CFT, no category of DNFBP implements customer due diligence measures and keeps records of information relating to customers, because they do not understand their AML/CFT obligations.

275. On the whole, with the exception of insurance companies, all FIs implement due diligence measures relating to the identification of customers when they enter into a business relationship and monitor their transactions throughout the relationship and keep identification documents and information on financial transactions in registers, in accordance with the regulatory period. However, these measures are not observed by DNFBPs.

Implementation of CDD measures

Politically Exposed Persons (PEPs)

276. The banks have introduced procedures for identifying PEPs, which they enforce before entering into any business relationship with them. These measures include obtaining prior approval from the relevant high authority and identifying the origin of the funds. With the exception of one, the banks use commercial databases integrated into their information systems or specific AML/CFT software supplied and updated by IT solution publishers, to consult the PEPs' lists. This technical system sends alerts when a customer identified as a PEP is involved in outgoing or incoming transactions during the business relationship.

277. The DFIs have procedures for identifying PEPs, which do not always require management approval, prior to opening PEP accounts. The apex organisations keep an up-to-date list of PEPs at national level, which they make available to their branches and front desks in order to facilitate the monitoring and detection of transactions involving PEPs, and to report unusual transactions to the FIU. However, the effectiveness of this measure remains limited, due to the fact that the national list of PEPs is not integrated into their information systems, with the exception of a network of DFIs.

Correspondent banking

278. Banks establish correspondent banking relationships with international financial institutions. They verify the reputation of these institutions and their knowledge of AML/CFT. Correspondent banking relationships are concluded by an agreement that sets out the obligations of both parties. They are subject to annual inspections by their correspondents and answer questionnaires administered by them. At the time of the on-site visit, no cases of de-risking had yet been recorded by the banks operating in the Union of the Comoros.

Targeted financial sanctions

279. The mechanism for disseminating sanctions lists relating to United Nations Security Council Resolutions (UNSCRs), the national list and third-country lists has only recently been put in place (see Decree no. 23-074/PR of 25th July 2023). In this regard, in June 2023 the assessment team noted that the FIU had distributed lists to reporting entities, with the exception of insurance companies and DNFBPs. However, in discussions with banks that have

business databases, they indicated that they were complying with the due diligence measures relating to the implementation of the UNSC, European Union and US Treasury sanctions lists when establishing business relationships and processing customer transactions. On the other hand, they were unable to provide any evidence relating to the implementation of fund freezing measures and the notification of relevant information to the FIU.

280. The DFI networks make the lists of sanctions received from the FIU available to their various branches, which use them (manually) when opening customer accounts or to check and possibly freeze funds in custody linked to the persons and entities in question. The information is passed on to the AML/CFT officer at the head office, who then informs the FIU. However, no DFI has been able to document the effectiveness of implementing freezing measures in the Union of the Comoros.

New technologies

281. In accordance with current legislation and regulations, before launching a new technology-related product, FIs must assess the potential risks inherent in its use and implement specific measures to mitigate them. In practice, banks and EMLs have had the BCC validate the risk assessment inherent in their new technology products, particularly the issuance of electronic money. However, based on the available risk mapping, it is clear that this assessment did not cover ML/TF risks. Besides, the simplified due diligence measures envisaged for the financial inclusion products identified in the NRA are yet to be implemented.

Wire transfers

282. With regard to wire transfers, FIs are required to implement enhanced due diligence measures to identify originators, beneficiaries and beneficial owners, by requesting from the originator his/her full identity, address, activity, the reason for the transaction and information on the beneficiary and beneficial owner of the transaction. The implementation of these due diligence measures has resulted in the transmission of several STRs to the FIU from banks and certain DFIs in connection with wire transfers. Over the period spanning 2018-2022, more than half of the STRs (29 out of 44) were related to wire transfers.

Table 5.1 STR Statistics by Type of Transaction

YEAR	Wire Transfers	Cheques	Payments	Withdrawals		Total
2018	5		5			10
20219	1					1
2020	4					4
2021	5	2	1			8
2022	14	2	5			21
TOTAL	29	4	11			44

Source: FIU

Higher-risk countries identified by the FATF

283. Unlike other FIs, all but one bank have screening software which enables them to verify whether their customers or transactions are linked to the high-risk countries identified by the FATF. However, they have not recorded any financial transactions to or from these countries and have not filed any STR to the FIU.

DNFBPs

284. The DNFBPs do not implement enhanced or specific measures on (a) politically exposed persons, (b) targeted financial sanctions related to TF and (c) higher-risk countries identified by the FATF.

Compliance with reporting obligations and whistleblowing

Financial Institutions

285. Banks, DFIs and financial intermediaries filed 44 STRs to the FIU between 2018 and 2022, representing an average of more than 8 reports per year. Reporting activity is mainly driven by banks and DFIs. More than half of the reports (61.4%) were filed by banks, which submitted 27 STRs. They were followed by one DFI and one financial intermediary, which contributed 38.6% by submitting 17 suspicious transaction reports. On the other hand, other DFIs and financial intermediaries, as well as EMLs and insurance companies, filed no suspicious transaction reports. Thus, considering the main threats identified and the levels of ML/TF risk in the financial sector, the number of STRs received by the FIU appears to be inadequate and this could be attributed either to the under-reporting of unusual transactions to compliance officers, inadequate supervision or a lack of control by financial institutions.

Table 5.2: Statistics on STRs Filed to the FIU between 2018 and 2022

	2018	2019	2020	2021	2022	Total
Banks	10	1	2	2	12	27
DFIs	0	0	0	4	9	13
Financial Intermediaries	2	0	2	0	0	4
EMLs	0	0	0	0	0	0
Insurance Companies	0	0	0	0	0	0
DNFBPs	0	0	0	0	0	0
Total	12	1	4	6	21	44

Source: FIU

286. Banks, DFIs and financial intermediaries implement measures to prevent disclosure on a report being prepared. Customer care managers are required to pass on information about unusual transactions to compliance officers without the customer's knowledge. Once this information has been analysed, and if the suspicion is well-founded, an STR is filed to the FIU either by post or by e-mail. The information thus communicated is accessible only to Compliance staff and Managing Director. All STR records are kept in the Compliance Department and/or the FIU correspondent's office, under conditions that guarantee confidentiality. Discussions with the assessment team did not reveal any case of STR disclosure.

DNFBPs

287. Due to lack of understanding, training and awareness of their AML/CFT obligations, DNFBPs do not comply with the obligation to report suspicions of funds derived from the proceeds of crime or intended to finance terrorism. Indeed, over the period spanning from 2018 to 2022, no DNFBP has filed any STR (see Table 5.2).

288. In the light of the foregoing, it should be noted that almost all FIs do not comply with their suspicious transaction reporting obligations. By and large, the DNFBPs have not filed any reports due to lack of understanding, lack of training/awareness of their AML/CFT obligations or non-regulation of their activities.

Imminent implementation of internal controls and legal/regulatory requirements

Financial Institutions

289. With the exception of insurance companies, FIs have generally established internal control programmes that take into account control points focusing on the implementation of due diligence measures applicable to customers, services and products. They have a compliance programme and have appointed AML/CFT compliance officers, who do not always report to senior management. For those that do not have a compliance department, the head of internal audit is also in charge of AML/CFT issues and participates in the drafting of the annual internal audit reports. However, these reports, which cover AML/CFT aspects, are not always filed to the BCC, in compliance with the provisions of Regulation No. 011/2015/BCC/DSBR. Furthermore, the deficiency linked to the anchoring point of the compliance officer, or the inadequacy of staff dedicated to AML/CFT, as well as the lack or inadequacy of the BCC's AML/CFT supervision, impacts the effectiveness of internal AML/CFT supervision.

DNFBPs

290. DNFBPs do not apply internal controls and procedures to ensure compliance with the implementation of their AML/CFT obligations.

291. In a nutshell, apart from insurance companies, although FIs have established internal control programmes, the effectiveness of the controls seems problematic as compliance officers do not report directly to senior management or the AML/CFT unit is understaffed. Besides, internal control reports are not actually filed to the BCC, in accordance with the regulatory provisions, with little or no AML/CFT inspections conducted by this competent authority. The DNFBPs, on their part, do not implement any internal AML/CFT control measures, either because they do not understand their obligations or because their operations are unregulated.

General conclusion on IO.4

292. With the exception of banks belonging to an international or regional group, FIs do not have a good understanding of the ML/TF risks associated with their activities, products and services. As a result, they do not develop ML/TF risk mappings and have not put in place any effective and relevant systems for managing and preventing such risks. Furthermore, given the recent nature of the dissemination of the NRA findings, as at the time of the on-site visit, none of the FIs had taken ownership of the main threats and sectoral vulnerabilities identified to take measures to mitigate the associated risks.

293. Apart from banks and DFIs, FIs have a poor understanding of their AML/CFT obligations. They do not always have AML/CFT policies and procedures in place and do not effectively comply with their suspicious

transaction reporting obligations. On the whole, the level of suspicious transaction reporting by FIs appears low considering the risk profile of the Union of the Comoros.

294. The effectiveness of preventive measures in the DNFBP sector cannot be effective, due to a lack of awareness of their AML/CFT risks and obligations on the one hand, and the lack of relevant texts governing the professions of certain categories of DNFBP, on the other.

295. **The Union of the Comoros is rated as having a low level of effectiveness on IO.4.**

CHAPTER 6. SUPERVISION

6.1. Key Findings and Recommended Actions

Key Findings

Financial Institutions

- a. The BCC has relevant regulations and procedures for issuing license to FIs under its supervision, including credit institutions, financial intermediaries, electronic money institutions, Decentralized Financial Institutions, service providers and MVT services. The system and mechanisms implemented by the BCC in processing license implementations prevent the establishment of shell banks and criminals from directly taking control of FIs. However, the challenges associated with the identification and control of beneficial ownership of legal persons would limit the effectiveness of the measures implemented and do not guarantee that criminals or their accomplices do not become beneficial owners of FIs or do not control them, one way or another.
- b. In the insurance sector, the national legislation in force dates as far back as 1938 and the country has not designated any competent authority in charge of AML/CFT supervision in the insurance sector. Consequently, not a single case of AML/CFT inspection has been conducted in the sector. Besides, The Union of the Comoros is yet to ratify the Treaty of the Inter-African Conference of Insurance Markets (CIMA) of which it is a signatory and the annexed code of which organizes the regulation and supervision of insurance companies, including in AML/CFT. However, the Ministry of Finance (Public Accounting and Treasury Directorate) is the authority in charge of issuing licenses to insurance companies.
- c. Despite its active involvement in NRA, the BCC has not demonstrated a good understanding of the ML/TF risks inherent in the sectors under its supervision. The lack of sectoral assessment of ML/TF threats and vulnerabilities and mapping of the ML/TF risk profiles of various categories of financial institutions prevents the BCC from effectively implementing the risk-based approach in the framework for defining the frequency, intensity and scope of on-site and off-site inspection missions.
- d. Within the framework of its overall verification missions to certain banks and decentralized financial institutions, the BCC included an AML/CFT supervision component. The other categories of financial institutions under its supervision, namely financial intermediaries (forex bureaus, money transfer companies, etc.) and electronic money institutions, have not been subject to AML/CFT supervision. The lack of a thematic inspection mission specifically focused on AML/CFT and planned based on the sectoral risk mapping profiles of the various categories of financial institutions under the supervision of the BCC limits the intensity and scope of AML/CFT inspections and the impact of the BCC's actions on FIs' compliance. The fact that other categories of FIs under the supervision of the BCC (EMIs, forex bureaus, money transfer companies, etc.) and the insurance sector are not subject to AML/CFT inspection, is also not likely to improve the AML/CFT compliance of FIs.
- e. Given the diversity of risk profiles and the number of FIs under its supervision, the BCC does not have adequate resources (human, material, technical) to effectively ensure the implementation of AML/CFT obligations by FIs under its supervision.

- f. The competent Comorian authorities have not defined or provided for in legislative or regulatory texts, any proportionate and dissuasive disciplinary sanctions for the violation of any AML/CFT obligations, to allow the supervisory authorities to mete out sanctions on FIs whenever they violate their AML/CFT obligations.

DNFBPs and VASPs

- a. In the DNFBP sector, AML/CFT supervision is not effective because the Ministerial Departments or structures competent for AML/CFT control are not designated in accordance with the provisions of Article 24 paragraph 1 of AML/CFT Law No. 12-008/AU in The Union of the Comoros.
- b. VASPs are not subject to AML/CFT supervision due to lack of legal framework for their sector and the lack of a monitoring/supervisory authority.

Recommended Actions

Financial Institutions

- a. The BCC should strengthen its mechanisms and procedures for issuing licenses to the various categories of FIs under its supervision by strengthening cooperation and exchange of information at domestic level with the relevant competent authorities and at international level with its foreign counterparts in order to surmount the challenges associated with the identification of the beneficial owners of legal persons, which limit the effectiveness of the measures in place.
- b. The BCC should strengthen its understanding of the ML/TF risks inherent in the sectors under its supervision through sectoral assessments of ML/TF risks and mapping of the ML/TF risk profiles of the various categories of financial institutions under its supervision.
- c. The BCC should intensify its supervisory activities by organizing thematic inspection missions specifically focused on AML/CFT and planned on the basis of sectoral risk mapping profiles of FIs in order to improve the AML/CFT compliance of all FIs and effectively protect the Comorian financial system against ML/TF.
- d. The Comorian authorities must provide the BCC and other departments or structures designated to ensure the implementation of AML/CFT obligations by financial institutions with adequate resources (human, financial, material and technical) and provide training for their staff on understanding the AML/CFT obligations of FIs and techniques for implementing the risk-based approach in the monitoring and supervision of financial institutions (techniques for sectoral assessment of ML/TF risks, developing ML/TF risk mapping profiles of FIs, etc.) with a view to staging appropriate preparation and smooth organization of inspection and monitoring missions on the implementation of AML/CFT obligations by FIs.
- e. The supervisory authorities, the BCC and other relevant departments or structures designated by the competent authorities, should define and make provision in their regulatory texts for ranges of proportionate and dissuasive disciplinary and financial sanctions for violations of any AML/CFT obligations, both against legal and natural persons of FIs that fail to comply with said obligations.
- f. The competent Comorian authorities should provide the insurance sector with the relevant AML/CFT regulations by designating the monitoring and supervisory authority in charge of ensuring the implementation of AML/CFT obligations and due diligence measures by insurance companies.

DNFBPs and VASPs

- a. The Comorian authorities should provide all DNFBP sectors, including the real estate and dealers in the gems and precious metal sectors, with monitoring and supervisory authorities equipped with the necessary powers and resources to protect all professions concerned from being accessed by criminals or their accomplices and to ensure the effective implementation of AML/CFT obligations by DNFBPs. These supervisory and monitoring authorities should be sensitized and trained on ML/TF risks, on their AML/CFT supervisory obligations and the implementation of risk-based supervision.
- b. The Comorian authorities should continue with ongoing discussions and studies to provide VAs and VASPs with relevant AML/CFT regulations in order to effectively protect this sector from misuse for ML/TF purposes.

296. The relevant Immediate Outcome considered and assessed in this chapter is IO.3¹⁸. Relevant Recommendations for the assessment of effectiveness under this chapter are R.14, 15, 26-28, 34, 35 and some elements of R.1 and 40.

6.2. Immediate Outcome 3 (Supervision)

297. The assessment of the implementation of preventive measures by the various sectors was weighted more heavily for banks, DFIs, notaries, real estate agents and Chartered/Licensed Accountants; heavily for financial intermediaries and Lawyers; moderately for Electronic Money Institutions (EMIs), dealers in gems and precious metals; low for insurance companies. This weighting is based on the relative importance of each sector as well as the risks, context and materiality of The Union of the Comoros, as explained in Chapter 1.

Financial Institutions

298. The conclusions on Immediate Outcome 3 were based, among other things, on: the interviews with the Supervisory authorities met and the FIU, the analyses of the statistics on the inspection missions conducted, the deficiencies identified and the Recommendations made in the inspection reports, the monitoring of the implementation of Recommendations, working tools, published directives, quantitative and qualitative data on training and awareness-raising activities and various meeting minutes.

Licensing, registration and controls preventing criminals and their accomplices from entry into the market Financial Institutions

299. In AML/CFT, credit institutions, financial intermediaries, electronic money institutions, Decentralized Financial Institutions, MVT service providers, are subject to the control of the BCC. With regard to the insurance sector, the designated supervisory authority is the Ministry of Finance (Public Accounting and Treasury Directorate). However, this department is not explicitly authorized to monitor compliance with AML/CFT requirements by insurance companies. Indeed, The Union of the Comoros is yet to ratify the Treaty of the Inter-African Conference of Insurance Markets (CIMA) of which it is a signatory and the annexed code of which organizes the regulation and control of insurance companies including in AML/CFT.

300. In accordance with the regulations in force, FIs, DFIs, EMIs, financial intermediaries, including forex bureaus, funds transfer agents and distributor agents of electronic money institutions, must receive the approval or license from the BCC before operating. For money transfer companies, already licensed institutions which conclude a sub-delegation contract with money transfer companies, send a request for prior approval to the BCC. Insurance companies, on their part, are licensed to operate by the Ministry of Finance (Public Accounting and Treasury Directorate).

301. To review requests for approval or authorization, the Central Bank has several tools and procedures to verify and process the documents and information provided by FI promoters in order to ensure that criminals and their accomplices do not hold a significant stake in, or control licensed or licensed financial institutions. Indeed, in regulations N°16/2015/BCC/DSBR and N°17/2015/BCC/DSBR, to which forms N°001/DSBR/AGR and N°003/DSBR/AGR are annexed respectively, the BCC outlines the requirements for issuance of licensed to financial institutions and their Managing Directors. These forms provide for a certain number of documents and relevant information to be provided by any person likely to become a shareholder or to hold, directly or indirectly, at least 10% of the voting rights or capital of any credit institution and by both heads. To enforce compliance with approval or registration obligations detected by denunciation or information, the BCC relies on the security forces (police and gendarmerie) to put an end to illegal activities, and it initiates legal proceedings against the suspects.

302. This regulatory framework for issuance of licenses and its detailed procedures seem to be relevant and are implemented satisfactorily by the BCC. As presented in Table 6.1 below, the processing of information and documents including CVs and criminal records received, allows the BCC to assess the fit-and-proper status of managers and directors with the possibility of having recourse to other State services when reviewing requests for approval, in order to obtain better information. In practice, where the request for license or Request for qualified shareholding comes from companies or banking groups already established in foreign jurisdictions, the BCC Requests the cooperation of the foreign authorities with which it has concluded cooperation agreements. Although the system and mechanisms put in place by the BCC for the processing of requests for license prevent the establishment of shell banks and criminals from directly taking control of FIs, the Central Bank authorities need to intensify cooperation and exchange of intelligence and information at domestic level with the relevant competent authorities and at international level with its foreign counterparts, to strengthen its mechanisms and procedures in order to circumvent the challenges associated with the identification of the beneficial owners of legal persons which limit the effectiveness of the measures implemented.

Table 6.1: Statistics on Applications for Licenses and No-objection Received, Processed and Rejected between 2019 and 2022

BFI	Application Types	Applications Received	Applications Processed	Unprocessed Applications	Applications Rejected
	Notice of no objection	10	7	3	0
Members of Board of Directors/Manager	License	6	6	0	1
TOTAL		16	13	3	1

303. With regard to insurance, license is issued by the Minister of Finance in accordance with the provisions of Article 7 of the 14th June 1938 Decree on State Supervision of Insurance Companies. However, no legislative measures have been envisaged to prevent criminals or their accomplices from holding a significant or controlling interest in any insurance company or from occupying a management position.

DNFBPs and VASPs

304. Independent legal professions (Lawyers and notaries) each have a self-regulatory body that monitors access to their respective professions on the basis of a number of criteria associated with professional skills (academic training, internship, professional experience) and fit-and –proper test status (background check, criminal record, etc.). These are the Council of the Association and the Disciplinary Council for Lawyers and the National Association for Notaries. After the inspections conducted by the self-regulatory bodies, access to the profession is established by Ministerial Decree for Notaries and by certification for Lawyers. The procedures for access to these professions, essentially based on the criteria of “fit-and-proper test”, to a large extent prevent access of unqualified people, people of questionable morality or criminals. Furthermore, the self-regulatory bodies have each established an Inspection Commission in order to detect the illegal exercise of their profession. However, these procedures do not specifically target AML/CFT and do not guarantee that criminals or their accomplices do not hold or become beneficial owners of these professions. For example, in access procedures, applicants are not required to demonstrate their knowledge of the AML/CFT obligations associated with their professions and pledge to implement them.

305. Chartered Accountants, on their part, are provisionally self-regulated by the National Accounting Council pending the finalization of the process of establishing the National Association of Chartered Accountants. As a result, the profession is yet to establish proven access criteria and procedures as at the time of the on-site visit.

306. With regard to the other categories of DNFBPs, real estate agents and dealers in gems and precious metals in particular, the lack of texts governing the practice of these professions leads to the issuance of licenses to promoters based on the regulatory procedures governing the incorporation of companies and the General Tax Code. These procedures do not guarantee that criminals or their accomplices do not occupy a position of responsibility or become the beneficial owners of a significant shareholding in the companies thus incorporated. The lack of legal framework explains a large number of informal stakeholders are engaged in the operations of real estate agents or dealers in gems and precious metals, thereby making them vulnerable to ML/TF.

307. Virtual assets are neither prohibited nor regulated in The Union of the Comoros. The authorities have not taken any measures to monitor, identify and sanction, where appropriate, virtual asset providers engaged in virtual asset operations or services. The operations of Virtual Asset Service Providers (VASPs) in the country are not documented. However, the BCC authorities have initiated discussions and studies with a view to regulating VAs and VASPs.

Supervisors’ Understanding and Identification of ML/TF Risks

Financial Institutions

308. The active involvement of the BCC, supervisory authority of all categories of FIs with the exception of insurance companies, in the national risk assessment provided it with an understanding of the national threats and vulnerabilities identified in the NRA report. However, it has not demonstrated a good understanding of the ML/TF risks inherent in the sectors under its supervision. Indeed, the BCC has not conducted any sectoral assessments of ML/TF risks for the sectors under its supervision. To identify and understand the ML/TF risks inherent to FIs, the BCC relies on Regulation No. 011/2015/BCC/DSBR of 28th January 2015 instituting the risk management framework in credit institutions and provides for the submission on 31st March of each year, of an annual report on the on the whole system for managing credit, operational, market, liquidity, money laundering and terrorist financing risks. In practice, the BCC receives the said report, which is required from all FIs, only from banks and decentralized financial institutions. The latter also submit to the BCC a report on internal control, part of which deals with the management of their respective internal AML/CFT regimes. Finally, since 2019, the BCC has been transmitting to banks and microfinance institutions an AML/CFT questionnaire designed to improve its understanding of risks. Other financial intermediaries, electronic

money institutions, MVT service providers which are under the supervision of the BCC do not produce a report and are not subject to the AML/CFT questionnaire. Furthermore, the BCC does not obtain from the FIs under its supervision, any reports of internal ML/TF risk assessments associated with their activities, products, services, distribution channels in order to support and deepen its understanding of the risks of the various sectors under its supervision. On the whole, the use made by the BCC of annual reports and responses to AML/CFT questionnaires transmitted only by banks and microfinance institutions and the lack of information on the implementation of AML/CFT by the other categories of FIs under its supervision, has not been robust enough to help it effectively execute its supervision and monitoring mission in AML/CFT based on an identification and a good understanding of the risk profiles of all the financial institutions under its supervision.

309. Regarding the insurance sector, although the insurance department of the Public Accounting and Treasury Directorate (Ministry of Finance) which is the supervisory authority of the insurance sector participated in the conduct of the NRA, the understanding of ML/TF risks demonstrated by the sectoral authorities is limited.

DNFBPs and VASPs

310. Law No. 12-008/AU relating to AML/CFT provides that the ministries concerned ensure that all categories of DNFBPs comply with their AML/CFT obligations. However, in practice DNFBPs are not subject to AML/CFT supervision in the Comoros. Representatives of existing self-regulatory bodies took an active part in the National Risk Assessment. However, the professional associations or chambers are yet to sensitize their respective on the NRA conclusions and findings. Besides, they have not taken any steps to assess the threats and vulnerabilities related to their respective sectors of activity. DNFBP supervisory authorities' or self-regulatory bodies' understanding of ML/TF risks is therefore limited.

311. With regard to the VA/VASP sector, there is no supervisory authority due to the lack of regulation and the Comorian authorities are yet to assess the ML/TF risks associated with this sector.

Risk-based Supervision of Compliance with AML/CFT Requirements

Financial Institutions

312. The BCC ensures compliance by the FIs under its supervision with their AML/CFT obligations through off-site and on-site inspection missions. As for the insurance sector, there is no AML/CFT supervisory authority.

313. On-site inspection missions are conducted by the BCC based on a multi-annual program developed according to the knowledge and information received during the permanent off-site inspection, the age of the last inspection and/or the significant events likely to result in operational and/or systemic risks in the financial sector. In 2019, the BCC developed a three-year inspection program systematically including the AML/CFT component validated by its Board of Directors. Since then, on-site inspection missions have been global with an AML/CFT component. The AML/CFT supervision strategy is based on the annual reports on internal control submitted by FIs (banks and microfinance institutions) as well as the findings of the AML/CFT questionnaires administered by the BCC (see point 6.2.2 above). At the end of the on-site inspection missions, the BCC provides Recommendations to make for the deficiencies identified with implementation timelines. The action plans on the remedial measures envisaged by the FIs are submitted to the BCC which conducts on-site inspection and supervision visits to ensure their implementation. On the whole, the BCC's recommendations mainly focusing on staff training and suspicious transaction reporting obligations, are implemented by the relevant banks and microfinance institutions.

314. The Assessment team notes that in terms of AML/CFT supervision, the BCC has not demonstrated a good understanding of the ML/TF risks inherent in each of the financial sectors under its supervision and has not incorporated the risk-based approach into its monitoring and supervision procedures. Indeed, the lack of sectoral

assessment of ML/TF threats and vulnerabilities for each of the categories of FI to be supervised does not promote a good understanding of the risks of each sector in order to develop ML/TF risk mapping profiles of financial institutions making up each of these various sectors. This situation does not allow the BCC to effectively implement the risk-based approach in the preparation and conduct of its inspection missions as well as monitoring the management of deficiencies or deficiencies identified.

315. The BCC does not conduct thematic inspection missions specifically associated with AML/CFT among the FIs under its supervision and the overall on-site inspection missions with an AML/CFT component which were conducted between 2015 and 2022 only concerned banks and decentralized financial institutions, which has not been demonstrated that they were institutions with a high ML/TF risk profile at the time of programming the missions which were not planned on the basis of the analysis of the risk profile mapping of the institutions to be supervised in order to be able to define the frequency, intensity and extent of the inspections to be conducted on-site. Furthermore, the questionnaire on AML/CFT which constitutes for the BCC the main source of knowledge and understanding of the risks of FIs was only sent to banks and decentralized financial institutions while the other categories of FIs, including electronic money institutions, MVT service providers, and financial intermediaries have not been subjected to this questionnaire.

316. With regard to the human resources allocated to AML/CFT inspection and supervision activities by the BCC to ensure all financial institutions under its supervision comply with their AML/CFT obligations (including those on targeted financial sanctions related to terrorism and the countermeasures required by the FATF), only two agents out of the ten commissioned have been introduced to risk-based supervision of ML/TF. Given the diversity of risk profiles and the number of FIs under its supervision, the BCC should provide its department in charge of FIs inspection with adequate resources (human, material, technical and financial) and train as many staff as possible in this department on understanding the AML/CFT obligations of FIs and the techniques and tools for implementing the risk-based approach to monitoring and supervision of FIs.

Table 6.2 Statistics of On-site Inspection: General Inspection (GI) and General Inspection including an AML/CFT Component (GI/AML/CFT)

Report ing Entitie s	2015		2016		2017		2018		2019		2020		2021		2022		Total	
	C G	CG/AML CFT	C G	CG/ AML CFT	C G	CG/ AML CFT	C G	CG/ AML CFT	C G	CG/ AML CFT	C G	CG/ AML CFT	C G	CG/ AML CFT	C G	CG/ AML CFT	C G	CG/ AML CFT
BDC	1				1													
BFC						1			1						1			
EXIM	1															2		
BIC									1				1		1			
SNPSF																		
U- Meck			3		1		-		-		-		5					
URSA			-		-		1		-		-	-			1			
USM			-		-		-		1		-	-						
URGC			-		-		-		1		-	-						
Total	2		3		2	1	1		4		0	1	5	3	2	1 1	13	
																		24

317. In the insurance sector, AML/CFT inspection is not effective due to the lack of appropriate supervisory authorities. The Union of the Comoros is yet to ratify the treaty of the Inter-African Conference of Insurance Markets (CIMA) of which it is a signatory and the annexed code of which establishes the regulation and supervision of insurance companies, including in AML/CFT.

DNFBPs and VASPs

318. AML/CFT supervision is not effective in the DNFBP sector because the Ministerial departments or structures in charge of AML/CFT supervision are not designated in accordance with the provisions of Article 24 paragraph 1 of the AML/CFT Law No. 12-008/AU in The Union of the Comoros.

319. Virtual asset providers, on their part, are not subject to any supervision because they are unregulated.

Effective, Proportionate and Dissuasive Remedial Measures and Sanctions

Financial Institutions

320. The AML/CFT Law in force in The Union of the Comoros gives empowers the monitoring and supervisory authorities to mete out administrative, disciplinary and financial sanctions on FIs or DNFBPs where, as a result of any serious due diligence default or deficiency in the organization of its internal ML/TF prevention procedures, they ignore the AML/CFT obligations assigned to them. However, there is no legislative or regulatory text in The Comoros that defines the ranges of proportionate and dissuasive disciplinary sanctions to be meted out for violations of AML/CFT obligations.

321. Nevertheless, the Banking Act No. 13-003-AU provides for a wide range of disciplinary and financial sanctions depending on the seriousness and duration of the violation, the quality and degree of involvement of the person in question and their impact on the sector, which the BCC can mete out when it discovers that an FI has violated the provisions of the said Act or any other legislative or regulatory provisions relating to its activity. It was against the backdrop of these provisions of the banking regulations that the BCC sanctioned a bank and its Managing Director in 2018 (disciplinary and financial sanctions) for violating the AML/CFT regulations. But generally, and usually, it has not been demonstrated that the range of disciplinary and financial sanctions provided for in banking regulations within the framework of prudential supervision is used to sanction AML/CFT violations identified during the BCC's inspection missions.

322. In the insurance sectors, AML/CFT supervision is not effective, no remedial measures or sanctions in AML/CFT are taken to force the institutions in these sectors to comply with their obligations.

DNFBPs and VASPs

323. With regard to DNFBPs, since AML/CFT supervision is not effective, no administrative sanctions or remedial measures have been taken by the competent authorities in this sector to deter non-compliance with AML/CFT obligations by the various accountable professions.

324. Due to lack of regulation, the Union of the Comoros has not taken any measures to monitor, identify and sanction people engaged in virtual asset operations or services.

Impact of supervisory measures on compliance

325. Generally, the BCC has a monitoring mechanism for the implementation by FIs of all recommendations issued following on-site inspection missions. Firstly, it requires the institutions concerned to present an action plan, highlighting the implementation timelines and the internal managers. The staff who participated in the mission and the head of the permanent inspection department prepare progress reports based on the timeline allowed for the implementation of the recommendations. Any deficiency identified in the implementation of remedial measures may be the subject of a formal notice, warning or injunction accompanied by a daily penalty or even subjected to a

disciplinary procedure by the sanctions committee. These measures create obligations for reporting entities and provide an opportunity to put an end to a situation of non-compliance within a short period of time.

326. The overall inspection missions with an AML/CFT component conducted by the BCC with banks and some microfinance institutions have created an opportunity to improve the management of training for staff of the relevant institutions on ML/TF risks and increase in the number of suspicious transaction reports filed by the latter. They must be intensified and extended to all categories of FIs to contribute to the establishment by FIs of robust AML/CFT compliance systems that can ensure compliance and effective implementation of all their AML/CFT obligations and due diligence measures.

327. The lack of a thematic inspection mission specifically focused on AML/CFT and planned on the basis of sectoral mapping of FI risk profiles, limits the intensity and scope of AML/CFT inspections and the impact supervisory authorities' actions on the compliance of FIs. In the Comorian context where only the BCC conducts AML/CFT inspection missions, the fact that several categories of FIs are not subject to AML/CFT supervision is also not likely to improve the AML/CFT compliance of FIs.

328. In the insurance sector, since AML/CFT supervision is not effective, the AML/CFT compliance of institutions in this sector is negatively impacted.

329. Virtual assets and their providers are not regulated in The Union of the Comoros.

DNFBPs

330. DNFBPs have not put in place any AML/CFT compliance systems, and the lack of AML/CFT monitoring and supervision AML/CFT is not likely to force them to do so.

Providing a clear understanding of AML/CFT obligations and ML/TF risks

331. To promote a good understanding of ML/TF risks and AML/CFT obligations by financial institutions, the BCC and the FIU with the support of COMESA, organize training, sensitization and information sessions on AML/CFT issues in favour of FI compliance officers to enhance their understanding of ML/CFT risks and increase their awareness of their obligations and the implementation of preventive measures in AML/CFT. These sessions also provide an opportunity to share experiences among FIs. They also provide an opportunity for the BCC to present the findings of the inspection missions on AML/CFT and the findings resulting from the processing of responses to the questionnaire on AML/CFT administered to the FIs. The FIU seizes the opportunity to reiterate the AML/CFT obligations and present the statistics on suspicious transaction reports received and the need to improve their quality.

Table 6.3 - Training and Sensitization Activities organized by the BCC and/or FIU or others

No.	Date	Venue	Theme	Number	Target Group	Organizers
1	05 to 06/04/2016	Moroni	Sensitization Workshop for Reporting Institutions on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT)	38	Financial institutions, law Enforcement authorities, Departments and Supervisory authorities	FIU/COMESA/MASE
2	28 to 29/05/2019	Golden Tulip Itsandra	National Workshop for Decentralized Financial Institutions on Anti-Money Laundering and Counter Financing of Terrorism	42	Networks of microfinance institutions	COMESA/FIU
3	14 to 19/08/2019	Mutsamudu	Disclosure of the legal and regulatory framework including AML/CFT provisions	120	Regional Union of Sanduks in Anjouan (URSA)	BCC
4	24 to 28/02/2020	Moroni	Financial Investigations and Asset Recovery	25	Supervisory authorities and Law Enforcement authorities	SRF/COMESA/MASE

5	11-Mar-20	Retaj -Moroni	National Workshop on the Operation of the Intelligence Service	23	FIU/Financial institutions	COMESA
6	09 to 15/08/2020	Mutsamudu	Disclosure of the legal and regulatory framework including AML/CFT provisions	20	Regional Union of Sanduks in Anjouan (URSA)	BCC
7	16 to 27/08/2021	Fomboni	Disclosure of the legal and regulatory framework including AML/CFT provisions	12	Union of Sanduks in Mohéli (USM)	BCC
8	13 to 21/12/2021	Moroni, Fomboni and Mutsamudu	Sensitization and training workshop on AML/CFT	73	Financial institutions excluding insurance companies	BCC/FIU/PADSF
9	09/11/2022	Moroni	Sensitization and information meeting	28	Financial institutions excluding insurance companies and staff of the Banking Supervision Department and DOCA	BCC/FIU/PADSF

332. The BCC has published guidelines on the implementation of AML/CFT due diligence measures for all financial institutions. It has also published guidance notes and guidelines on AML/CFT measures relating to wire transfers. All these guidelines are available on the BCC website. In addition, the FIU provides feedback on the implementation of AML/CFT obligations and in particular on STRs during sensitization and training workshops.

333. In the insurance sector, the AML/CFT supervisory authorities are yet to be formally designated, and no guidelines or other actions to promote a good understanding of ML/TF risks and AML/CFT obligations by insurance companies have been implemented by the Comorian authorities.

334. Virtual assets and their providers are not regulated in The Union of the Comoros.

DNFBPs

335. With regard to DNFBPs, no guidelines or other actions to promote a good understanding of ML/TF risks and AML/CFT obligations by members of the various categories of professions are implemented, due to lack of formal designation of AML/CFT Inspection and Supervision departments or structures within the relevant Ministries.

General Conclusion on IO. 3

336. The BCC, which is the only designated authority for the monitoring and supervision of almost all FIs with the exception of insurance companies, has not demonstrated a good understanding of the ML/TF risks inherent in the sectors under its supervision. It has not incorporated the risk-based approach, based on the establishment of risk profiles of FIs, into its inspection and supervision procedures, despite the information it collects based on the questionnaires and internal inspection reports filed by the FIs. Besides, it does not have the adequate capacity to effectively ensure the implementation of AML/CFT obligations by the various categories of FIs under its supervision. Furthermore, there is no legislative or regulatory text in the Comoros that defines the range of proportionate and dissuasive disciplinary sanctions for violations of AML/CFT obligations. Finally, the insurance sector is not subject to AML/CFT regulations and has not recorded any AML/CFT inspection.

337. With regard to DNFBPs, none has an AML/CFT supervisory authority to ensure compliance and implementation of AML/CFT obligations by the various reporting entities concerned. Furthermore, the real estate and gems and precious metals sectors are not regulated.

338. Similarly, VASPs are not subject to AML/CFT supervision, due to lack of legal framework for their sector and the lack of a monitoring/supervisory authority.

339. **The Union of the Comoros is rated as having a low level of effectiveness on IO.3.**

CHAPTER 7. LEGAL PERSONS AND LEGAL ARRANGEMENTS

7.1.1. Key Findings and Recommended Actions

Key Findings

- a. Information on the incorporation and types of legal persons is accessible to the public through the ANPI website and at the RCCM of the Commercial Court. The formalities for incorporating legal persons are also completed at the ANPI, which is a one-stop shop, bringing together the RCCM administration, the DGI and the CNPSS. The ANPI assembles all the data collected during the incorporation of legal persons and throughout their operation, for the purpose of updating. The Union of the Comoros supervises legal arrangements but there is still no system for accessing information relating to their incorporation.
- b. Basic information on legal persons contained in the RCCM and on the ANPI website is accessible to the public without delay, including to monitoring and supervisory authorities, investigative authorities and the FIU. The RCCM administration updates the information within 24 hours following the transmission of documents for modification or additional information by social directors through the ANP. However, there is no control mechanism to ensure the accuracy of information and its timely disclosure by companies. There is no mechanism for collecting beneficial ownership information in the RCCM. The Law Enforcement authorities may obtain beneficial ownership information from banks and the IFD network of the Union of MECK and certain DNFBPs, particularly Lawyers and notaries.
- c. The Union of the Comoros has not yet assessed the ML/TF risks of the various types of business companies created on its national territory. But risks of misuse of legal persons do exist because legal persons have been subject to tax adjustments, have abused preferential customs and tax regimes and have been involved in STRs.
- d. When creating legal persons, the verification of the fit-and-proper status of managers, excluding partners or shareholders, is done through consultation of the criminal record which only exists for natural persons. However, appropriate fit-and-proper tests are not conducted before issuing the criminal record. Only banks and a network of IFDs of the MECK Union as well as certain DNFBPs, particularly Lawyers and notaries, identify the partners and/or shareholders, or even the beneficial owners of legal persons, in order to avoid their misuse. Furthermore, there are no measures aimed at preventing the misuse of bearer shares in companies due to the non-existence of a register of registered securities within companies.
- e. The activities of legal arrangements are regulated in the Union of the Comoros but there is no mechanism for access to basic, accurate and updated beneficial ownership information on legal arrangements without delay.
- f. No sanctions have been meted out on directors of legal persons for non-compliance with RCCM formalities, non-updating of basic on beneficial ownership information, failure to maintain the register of bearer shares at the company's headquarters. But the Commercial Court of Moroni and the DGI (ex. AGID) have imposed sanctions against legal persons respectively for failure to release capital, lack of Articles of Association documents, provision of false documents and lack of tax identification number.

Recommended Actions

The Comorian authorities should:

- a. Ensure the identification of ML/TF risks associated with various types of legal persons and implement an action plan to mitigate said risks;
- b. Establish a mechanism for declaring beneficial ownership information in the RCCM as well as their identification and raise awareness among all stakeholders (supervisory authorities, regulatory authorities, RCCM administration, ANPI administration, LEAs) and stakeholders' national institutions (FIs and DNFBPs) on beneficial ownership identification;
- c. Conduct fit and proper test on managers as well as shareholders and partners before issuing the criminal record when creating legal persons. They should take measures to prohibit or at least mitigate the misuse of bearer securities in private companies by requiring them to keep records of the conversion of bearer securities into registered securities;
- d. Provide the RCCM and the ANPI administrations with adequate human, technical and financial resources to conduct inspections in order to ensure the accuracy and timely communication of the information provided by the companies with a view to sanctioning violations;
- e. Assess the existence and scale of activities of legal arrangements and establish a mechanism for timely access to accurate, up-to-date basic and beneficial ownership information on legal arrangements;
- f. Provide for effective, proportionate and dissuasive sanctions against managers of legal persons for failure to comply with obligations to collect basic and beneficial ownership information on legal persons and update them. They should keep statistics on the number and type of sanctions meted out on managers of legal persons for violations.

340. The relevant Immediate Outcome considered and assessed in this chapter is IO.5. The relevant Recommendations for assessing effectiveness under this chapter are R.24-25, and elements of R.1, 10, 37 and 40.

7.2. Immediate Outcome 5 (Legal persons and legal arrangements)

7.2.1. Public accessibility of information on the creation and types of legal persons as well as legal arrangements

341. Information on the creation and types of legal persons including companies is accessible to the public through the various Laws and regulatory texts which are published in the Official Gazette and through the websites of the National Agency for the Promotion of Investments (ANPI), namely “ www.investcomoros.net ” and <https://comoros.eregulations.org> ” excluding those on legal arrangements. All the documents required to create a company are indicated on the website. This information can also be obtained at the registry of the Moroni Commercial Court as well as its website developed for this purpose. These websites provide detailed information on the procedures and steps for creating a business as well as the various existing legal status.

342. The revised Uniform Act on Business Companies and Economic Interest Groups (AUDSCGIE) and the Uniform Act on the Law of cooperative societies, to which the Union of the Comoros is a party, provide for all types of companies and groups of economic interests (GIE) which can be created in the OHADA zone, including limited liability companies, public limited companies, simplified joint stock companies, simple limited partnerships, general partnerships, variable capital companies and the GIEs. This information generated from the Uniform Act as well as all information related to its implementation is made available to the public through the registries of the Commercial Courts of Moroni, Mohéli and Anjouan and also from the ANPI. In fact, in addition to the Commercial Court of Moroni which houses the national RCCM file, there is the Commercial Court of Anjouan and that of Mohéli which is the custodians of local RCCM files. There are also regional ANPI branches where information is available to the public on these two islands.

343. To ensure public accessibility of information on the creation and types of legal persons, the Union of the Comoros passed Law No. 20-035/AU of 28th December 2020 on the Investment Code which makes the ANPI a One-stop shop to receive all administrative formalities for business creation. This information is available online. The ANPI's one-stop shop for the creation of business companies is the result of the synergy of action between the Tax Department, the National Solidarity and Social Insurance Fund (CNSPS relating to jobs Met by companies eligible for the investment code) and the Registry of the Commercial Court which administers the RCCM. The various administrations which make up the ANPI are located in the same premises within the ANPI which is the "front office" administrative structure in the creation of legal persons. This is effective in the regional branches of ANPI in Mohéli and Anjouan unlike in Grande Comores where the process is underway. In addition to public accessibility of information on the creation and types of legal persons, the ANPI is in the process of setting up a digital business creation window, called "GENERIC".

344. This digital platform, already operational in Mohéli, will soon be available in Grande Comore and Anjouan. Through this website: <https://anpicomores.com>, the public can access information on the creation and the various types of legal persons and proceed with the creation online.

345. Furthermore, the list of companies created and registered with the RCCM is published on a monthly basis in the daily newspaper "Al Watwan", with information on the company name, office address, name of the Managing Director (manager, general administrator, etc.), etc.

346. Regarding associations and foundations, information on the creation process is available within a specified department at the Ministry of the Interior. All formalities for creating a Comorian or foreign association or NGO in the Union of the Comoros are received by this department which makes this information accessible. In addition, the Political and Legal Affairs Department of the Ministry of Foreign Affairs and International Cooperation intervenes as provided for in the Headquarters Agreements for foreign NGOs in the country and also has a Directory of the said NGOs which is accessible to the public.

347. The legal texts in force in the Union of the Comoros govern the creation of legal arrangements such as trusts even though the country has not yet ratified the relevant Hague Convention. In practice, there are no legal arrangements in the country and there is no system in place to allow public accessibility of information on the creation of legal arrangements.

Identification, assessment and understanding of risks and vulnerabilities associated with ML/TF of legal persons

348. The NRA of the Union of the Comoros does not provide information on the overall level of vulnerabilities of legal persons to ML/TF and the country has not conducted any specific assessment of the ML/TF risks associated with various types of legal persons which are created. Empirically, the Comorian authorities interviewed maintained

that legal persons including companies are vulnerable to ML to the extent that they are used to commit offences such as tax fraud. These vulnerabilities are exacerbated by the lack of beneficial ownership information in the RCCM, the existence of bearer shares, the failure to ban nominees as well as nominee administrators, the predominance of cash in business transactions and the existence of companies without real activities.

349. Some Comorian authorities state that both dealers who are beneficial owners of legal persons and managers of foreign companies established in the country travel to China and Dubai with sums of money often exceeding one hundred thousand (100,000 euros. This practice, which does not comply with the extant regulations (Art. 5 of AML/CFT/PF Law No. 12-008/AU), carries ML/TF risks (see analysis RI.8). From 2020 to 2023, legal persons, particularly SARLs and SAs, were subject to tax adjustments for a cumulative amount of KMF 5,009,342,006. Also, legal persons licensed under the investment code have often been abused through the preferential customs and tax regimes established by this code by enjoying such rights without meeting their relevant obligations in favour of the State.

Table 7.1: Statistics of Legal Persons Adjusted by Tax Authorities from 2020 to 2023								
Year	SARL	HER	SAS	NCS	SCS	GIE	Others	Total
2020	00	00	00	00	00	00	00	00
2021	24	04	00	00	00	00	19	47
2022	21	02	00	00	00	00	18	41

Source: DGI

350. Furthermore, the Comorian authorities met stated that the FIU reports attest to the misuse of legal persons including companies in the country. Indeed, certain FIU reports highlight the misuse of legal persons for ML purposes.

Table 7.2: STRs on Legal Persons

Years	2018	2019	2020	2021	2022	2023
Number of STRs	00	00	03	00	00	04

Source: FIU

351. With regard to associations and foundations, in the non-assessment of the ML/TF risks associated with the exercise of their activities in the country, no case of their involvement in acts of tax fraud or any other type of offence has been recorded. But this does not mean that these associations and foundations are not exposed to risks of being misused.

Mitigating measures to prevent the misuse of legal persons and legal arrangements

352. Despite the lack of a risk assessment accompanied by an action plan to mitigate the identified risks, the Union of the Comoros inadequately implements a certain number of measures aimed at preventing the misuse of legal persons. All companies operating in the Union of the Comoros are required to register with the RCCM, this is the first guarantee to prevent their misuse. Indeed, legal persons in the Union of the Comoros comply with general transparency obligations. The implementation of these measures constitutes a basic protection against their misuse for ML/TF purposes. In particular, business companies must be registered with the RCCM to acquire legal personality.

Basic information (name and nature of business, members of management or administrative bodies) on companies is publicly accessible. Furthermore, the publication of companies created both on the ANPI website and in the daily newspaper “Al Watwan” allows people wishing to create a legal person to conduct prior background checks in order to avoid confusion in the nomenclature of the companies for abusive purposes.

353. The interconnection between the ANPI, DGI, National Solidarity and Social Insurance Fund (CNSPS) as well as the Commercial Courts in Mohéli and Anjouan is also a measure which limits the use of legal persons for fraudulent purposes. It is being implemented in Greater Comoros where centralization of all company databases created is envisaged. This partial interconnection at the regional ANPI branches in Mohéli and Anjouan makes it possible to pool the information held by the various competent authorities while mitigating the risks of misuse.

354. At the time of creating companies, the identity documents of partners/shareholders as well as managers/administrators are requested, as well as criminal records of managers as well as information on residence, country of origin, etc. to ascertain their fit and proper status in order to mitigate or even avoid the risks of misuse. In the ANPI one-stop shop, there is an inspection and supervision department for the assessment of all documents and information provided during the creation of legal persons. Beyond the ANPI which conducts a first-line authenticity verification of the documents provided, the competent Commercial Court conducts a second-line ex-post verification. This mechanism provides an opportunity for the Comorian authorities to detect false documents as well as false information provided by promoters. In fact, some requests for incorporation have already been rejected by the Commercial Court after detecting the falsity of certain mandatory documents provided.

355. However, the criminal record, the details of which are used to better assess the fit and proper status of the partners, managers, directors, does not seem reliable because it is not issued after appropriate checks in the register of criminal convictions due to the lack of a computerized and updated database which is currently being established. Indeed, the checks on the criminal records of the applicant, particularly in bulletin no. 3, are essentially conducted manually; it is not obvious for these tedious procedures to always be the prerequisite for the issuance of the document. Worse still, when creating legal persons, the issuance of a criminal record is only mandatory for corporate directors, excluding partners and shareholders. Besides, there is no criminal record for legal persons in the Union of the Comoros, but a company can be made up of legal persons as shareholders or associates.

356. Furthermore, in the Union of the Comoros, any company being formed must obtain a registration certificate. It is required to open an account in a bank to deposit or transfer the share capital in accordance with current legislation in order to make for greater traceability of the financial transactions of the company and its founders. The customer due diligence measures observed by banks constitute a guarantee to limit the misuse of legal persons through capital of illicit origin. To mitigate the risks of misuse of the legal persons to be created, the ANPI confirms the origin of the share capital through a form. But the Comorian authorities met have not yet rejected the creation of any legal person due to the illicit origin of the share capital or all funds to be invested.

357. The ANPI conducts on-site inspections within companies. These on-site inspections are conducted in companies registered with the RCCM and in companies registered with the RCCM which have been licensed under the investment code to benefit from customs and tax advantages. With regard to the ex, the inspections are designed to ensure that the companies created actually conduct activities related to their corporate objectives. The latter are designed to ensure that the specifications commensurate with the licenses to the various regimes of the investment code are respected. In practice, the inspection has already led to the detection that four (4) licensed companies had no activity on the ground. Also, to prevent created companies from being used for abusive purposes, the RCCM administration has decided that each legal person already created must be identified again by submitting a report on its activities actually conducted.

Table 7.3: Statistics of registered and licensed companies having been inspected by ANPI to ensure the effectiveness of activities and compliance with specifications

Types of companies	2020	2021	2022
Registered companies	0	32	27
Licensed companies	22	80	50

Sources: ANPI 2020-2021 Report & Data from Supervision and Studies Dept., /ANPI 2022

358. The Supervision and monitoring-evaluation department of the ANPI which is supported by the Technical Licensing Committee (CTA) comprising the ANPI, DGI, employment centre, customs, Department of economic affairs... issues formal notices, suspends and withdraws licenses issued for non-compliance with the specifications. But the Comorian authorities have not provided any statistics on cases of suspension and withdrawal of license under the investment code of licensed companies.

359. To ensure the traceability of bearer shares, companies are required to maintain a register of the names of their shareholders. But the lack of statistical data and inspection reports from the RCCM administration did not allow the Assessment Team to ascertain whether this requirement was met. Moreover, the RCCM administration has not yet conducted such inspections. Furthermore, a natural person authorized to individually represent the company and resident in the Union of the Comoros must be registered with the RCCM. This helps avoid the misuse of legal persons created by non-residents in the Union of the Comoros.

360. The RCCM of The Union of the Comoros does not contain beneficial ownership information and there is no mechanism to identify them. To address this gap, the Comorian authorities met stated that the companies operating in the country are essentially family businesses. In the mapping of business companies, the single-member SARL would be the type of company commonly used and it would be difficult to find a single-member SARL whose manager is not the beneficial owner, according to the Comorian authorities met. These authorities added that people know each other in the Union of the Comoros and therefore that the practices of nominees can be difficult to use.

361. The FIs, particularly the banks and the MECK network, an DFI holding 34% of the market share, stated that they take measures to avoid the misuse of legal persons by carrying out the identification of partners and/or shareholders, or even the beneficial owners when entering into business relationships. To achieve this, they conduct compulsory identification of legal persons within the framework of the business relationship, through a natural person, by administering a know-your-customer (KYC) procedure. Beyond the procedures for identifying beneficial owners in line with the AML/CFT policy, the mechanism enables them to mitigate certain prudential risks. This was the case of a natural person whose loan request was rejected because he was the beneficial owner of a legal person with pending commitments within the framework of these business relationship with the bank. In practice, these FIs maintain that there is always a natural person to be identified behind the legal person.

362. The DNFBPs, particularly notaries and Lawyers who are involved in the process of creating companies in the Union of the Comoros, stated that they take steps to identify the beneficial owner. In fact, they state that they have often been approached by customers who intended to be partners or shareholders anonymously by being represented in the share capital. Unfortunately, after rejecting such indecent requests, no STR was filed to the FIU. But the effects of such a preventive measure aimed at preventing the misuse of legal persons by criminals are annihilated by the fact that, in practice, the Articles of Association relating to the creation of legal persons are prepared essentially by the ANPI which is not a reporting entity in charge of implementing AML/CFT preventive obligations. Indeed, in the Union of the Comoros, the ANPI receives the formalities for the creation of legal persons, but it also drafts the Articles of Association for promoters.

363. Even though the provisions of inter-ministerial Decree No. 12-102/A/3/11/12 of 10/25/2012 provide for the necessary recourse to a notary with a view to establishing the notarized declaration of payment and subscription of

the share capital for the Articles of Association under private signature, it is not obvious that precautions are taken to stem the attempts of concealment of certain shareholders or associates in the share capital by the ANPI. It is true that the ANPI ensures that the share capital as well as the capital to be invested in companies licensed under the investment code is not of illicit origin, but it is not obvious that the mechanism put in place can help identify the beneficial owner and prevent the identities of shareholders and associates from being concealed or from being unduly represented.

364. People who wish to have their status as associates or shareholders concealed could be PEPs. This carries serious ML risks, especially since corruption is endemic in the Union of the Comoros according to the NRA report and certain open sources (see analysis IO.7). However, the establishment of the Articles of Association by the ANPI which uses the notaries of its choice for the notarized declaration of payment and subscription of the share capital only concerns companies for which the intervention of a notary is not required in particular SARLs. For limited companies which require the intervention of a Notary in the creation process, the problem does not arise.

365. All associations and foundations operating in the Union of the Comoros are required to be registered. These This licensing requirement is designed to prevent and combat the abusive use of these associations and foundations for ML/TF purposes. In addition, with regard to foreign NGOs wishing to operate in the Union of the Comoros, the Ministry of Foreign Affairs, prior to signing the Headquarters Agreement, requires the production of documents justifying the origin of the financing resources for the planned activities.

366. Furthermore, the legal framework for associations and foundations provides for inspections by the competent authorities from the Ministry of the Interior to ensure that associations and NGOs established in the Union of the Comoros are not misused for ML/TF purposes. But the country has not mentioned any inspection report that resulted in sanctions, which are legally provided for in the event of violations of the transparency requirements, particularly the failure to justify the origin of the funds and non-disclosure of amendment notices.

367. The Comorian authorities met stated that there are no legal arrangements created in the Union of the Comoros. FIs as well as members of independent legal professionals practicing in the Union of the Comoros have also stated that they do not have trust customers.

Access to adequate, accurate and up-to-date information on legal persons without delay

368. The competent authorities of the Union of the Comoros can access without delay adequate and up-to-date basic information on legal persons created in the country as well as certain information on BOs held by certain FIs and DNFBPs. But the lack of a control mechanism to ensure the reliability of the information reduces the accuracy of the data. Indeed, the LEAs and FIU as well as the supervisory authorities may, through requisition, contact the ANPI, the Commercial Courts as well as the independent legal professions that intervene in the creation of legal persons in the Union of the Comoros in order to communicate basic information, particularly information on the name, the business nature, the directors and legal beneficiaries as well as the life of the legal person, including all modifications that have occurred since its creation through updates.

369. The competent authorities' non-access to beneficial ownership information of legal persons is associated with the fact that the RCCM does not have such information. This deficiency is not resolved through beneficial ownership registers maintained by the managers of legal persons within the company. But the LEAs and FIU may have beneficial ownership information of legal persons which are customers of banks or certain DNFBPs because the latter collect such information as part of their customer due diligence obligations. The CID's access to this information during investigations is not subject to any specific formal approval of the judicial authorities due to the fact that the investigations are conducted under the direction of the State Prosecutor and Investigating Judge.

370. The ANPI, which is the one-stop shop, receives amending information from companies. It ensures the reliability of the documents and information received and updates its database. At the same time, the ANPI also files the documents on the amending notices to the Commercial Court within 48 hours of receipt for it to update its database.

371. The updating of RCCM information on legal persons depends on the communication of amending or additional information by the company managers. Indeed, these amending notices must be communicated after the meeting of statutory decision-making bodies such as general and boards of directors' meetings within the required one-month period. This implies that as long as the relevant minutes are not communicated to the RCCM through the ANPI by the persons concerned, amending and additional information cannot be effected.

372. In practice, the RCCM administration of the Union of the Comoros does not yet have the culture of inspection to ensure compliance by social leaders with their legal obligations. The authorities met also stated that they do not conduct such inspections and simply ensure that the company actually exists and operates. In addition, the administration of the RCCM of the Moroni Commercial Court, which assigned two (2) consular judges and the chief registrar of the said court to update the information, did not indicate the resources used to conduct inspections in order to ensure that the documents relating to amending and additional information are communicated to it without delay. Furthermore, there is no other mechanism to monitor the administration of the RCCM. In practice, the administration of the RCCM of the Moroni Commercial Court, upon receipt of the amending notices from the ANPI, updates its database within 24 hours if the documents and information communicated do not require specific observations. In other cases, additional information is requested from the applicant. Thus, updating the amending information in the RCCM depends on the communication of additional information by corporate managers without delay.

Table 7.4: Number of Amendment Details

Year	Number of amendment details in the RCCM
2020	63
2021	88
2022	73

Source: Moroni Commercial Court

373. Information on the company name, legal status, RCCM number, company manager, sector of activity, telephone number, head office and date of creation is available online in the regional branches of Mohéli and Anjouan unlike the Greater Comoros where the process is underway. Data on legal persons accessible online are being centralized at the regional branch of the ANPI located in Moroni. Ultimately, personal data concerning legal persons cannot be obtained online. But the competent authorities must file requests for data to the RCCM administration which responds within an average of forty and eight (48) hours. It responds immediately for a proven emergency. It only received requests from the FIU and the DGI during the period under review. Non-nominative information, on its part, is available without delay to the competent authorities who can consult it online.

Table 7.5: Requests Addressed to the RCCM by Competent Authorities

Years	Number of Requests	Average Processing Time
2020	00	
2021	00	
2022	00	
2023	02 01	48 hours

Source: Moroni Commercial Court

Access to adequate, accurate and up-to-date basic and beneficial ownership information on legal arrangements without delay

374. The competent authorities of the Union of the Comoros cannot access adequate, accurate and up-to-date basic and beneficial ownership information on legal arrangements without delay due to the fact that the country does not have a system in place for the creation of legal arrangements. In addition, FIs and DNFBPs that are likely to have business relationships with legal arrangements stated that there was none in existence. But the legal texts in force in the Union of the Comoros regulate the activities of legal arrangements such as trusts even though the country is yet to ratify The Hague Convention on Trusts. They are required to obtain and maintain adequate, accurate and up-to-date information. But in practice, the Comorian authorities met stated that there are no legal arrangements in the country. This statement is understood with a certain reservation because knowledge of the existence of legal arrangements is associated with mastery of this notion which, apparently, is a challenge for the authorities met. In the Union of the Comoros, there is no system in place to allow public access to information on the creation of legal arrangements. In fact, the Union of the Comoros FIs and DNFBPs met who are likely to act as trusts stated that they have no legal arrangements such as trusts in their customer portfolios. Consequently, it is not possible for the LEAs, the FIU as well as the AML/CFT supervisory authorities to have access to adequate, accurate and up-to-date basic and beneficial ownership information on legal arrangements without delay.

375. The Assessment Team noted that monitoring access to up-to-date information on legal arrangements such as trusts is grappling with the challenge of grasping the concept of legal arrangements and recognizing their existence in the country. It also hampers requests from competent authorities for the provision of information on legal arrangements such as trusts.

Effective, proportionate and dissuasive nature of sanctions

376. The competent authorities of the Union of the Comoros, due to the lack of legal basis, have not yet imposed effective, proportionate and dissuasive sanctions against violators of the transparency obligations of legal persons on the following grounds: non-compliance with RCCM formalities, failure to update basic and beneficial ownership information, non-compliance with maintaining the share register at the company's headquarters. In practice, except for FIs and members of independent legal professions legal persons, there are no criminal or administrative provisions which sanction such violations with regard to other types of legal persons which do not conduct the regulated activities (see analysis 24.13). However, it is obvious that the sanction cannot exist without a legal text. In fact, the Assessment Team noted that FIs and DNFBPs have never been subject to sanctions in connection with the requirements for maintaining basic and beneficial ownership information. But the Comorian authorities met stated that the Moroni Commercial Court has imposed sanctions against the managers of legal persons who do not comply with information obligations.

377. Such sanctions would be associated with non-compliance with obligations such as failure to release capital, lack of essential documents, forgery and use of forgery (false name, false head office address, falsification of signature, etc.), etc. These include the sanctions of license withdrawal, temporary suspension, etc. but the legal basis was not produced. In addition, the DGI (ex. AGID) also sanctioned (5% of turnover) legal persons which have no tax identification number, and which do not indicate such information in their declarations (10% on the amount of the relevant declaration).

General Conclusion on IO.5

378. Basic information on legal persons contained in the RCCM and on the ANPI website of the Mohéli and Anjouan branches is accessible to the public without delay, including to supervisory authorities, investigative authorities and the FIU but there is no control mechanism to ensure the accuracy of information and its timely communication by companies. The RCCM of the Union of the Comoros does not contain beneficial ownership information on of legal persons due to the lack of a mechanism for identifying and reporting the said information. But the banks and the network of DFIs of the Union des MECK and certain DNFBPs (Lawyers and notaries) identify the BOs as part of their customer due diligence obligations and knowledge of the customer and operations.

379. The Union of the Comoros has not yet assessed the ML/TF risks associated with various types of business companies, but legal persons have been subject to tax adjustments, have abused preferential tax and customs regimes and have been involved in STRs attesting to the reality of their misuse. The Union of the Comoros verifies the fit-and-proper status of managers when creating companies, by consulting the criminal records of individuals, excluding those concerning legal persons and partners as well as shareholders. There are no measures to prevent the misuse of bearer securities in private companies, due to the lack of records on the conversion of bearer securities into registered securities. Furthermore, there were no sanctions for the submission of inaccurate basic and beneficial ownership information, and failure to submit such updated information without delay.

380. The Union of the Comoros recognizes the legal arrangements whose activity is regulated. But there is no system in place to allow public access to information on the creation of legal arrangements. Therefore, although legal arrangements may exist in the Union of the Comoros, there is no defined mechanism to collect, centralize and make accessible basic and beneficial ownership information on legal arrangements without delay.

381. **The Union of the Comoros is rated as having a low level of effectiveness on IO.5.**

CHAPTER 8. INTERNATIONAL COOPERATION

8.1. Key Findings and Recommended Actions

Key Findings

- a. The Union of the Comoros has a legal and institutional framework that allows it to provide the broadest possible range of international cooperation. This cooperation is based on bilateral and multilateral agreements, on exchanges of financial information through its FIU and other forms of cooperation, particularly with the Law Enforcement Authorities;
- b. The non-existence of any request for mutual legal assistance issued by the Union of the Comoros to third countries over the last five years is proof that the country does not prioritize international cooperation to investigate acts of ML/TF and associated predicate offences; the country has also not granted mutual legal assistance because the only received in the last five years is yet to be executed. The inadequacy of human resources trained and assigned to international cooperation, as well as the lack of mechanism for monitoring the execution of requests received and the designation of a central authority in charge of receiving and transmitting requests for mutual assistance, compromise the timely execution of requests for mutual legal assistance and consequently the effectiveness of international cooperation provided by the Union of the Comoros;
- c. The Union of the Comoros has still executed extradition requests and made extradition requests to a lesser extent in relation to neighbouring countries. In this context, extradition requests made have been rejected due to lack of bilateral agreement with the requested countries;
- d. Law enforcement authorities, as well as customs authorities, formally cooperate, to a lesser extent, with their counterparts through the IPCO/Interpol and regional platforms for the exchange of intelligence and police information, and through the World Customs Organization (WCO);
- e. The Law enforcement authorities cooperate spontaneously, to a lesser extent, and on an *ad hoc* basis with their counterparts in neighbouring countries in order to search for and arrest people involved in criminal activities;
- f. The competent authorities do not prioritize the use of international cooperation to combat transnational crime, particularly to detect, locate and seize the proceeds of crime detected and prosecuted in the Union of the Comoros.

Recommended Actions

The Comorian authorities should:

- a. Establish a system for managing and monitoring requests for mutual assistance and designate a central authority in charge of monitoring mutual legal assistance for better effectiveness of its international cooperation in AML/CFT matters. This management and monitoring system should incorporate the

prioritization of the execution of Requests taking into account factors associated with the nature of the offence in question and the people involved;

- b. Prioritize the use of international cooperation to combat transnational crime by allocating sufficient resources and strengthening the capacities of the competent authorities in this area;
- c. Negotiate and sign more bilateral international cooperation agreements on mutual legal assistance with countries likely to provide constructive cooperation to the country;
- d. Further implement the relevant international legal instruments in the fight against transnational organized crime and especially against corruption that it has ratified, by promulgating Law 23-011/AU of 27th June 2023 on the prevention and fight against corruption. corruption which contains relevant provisions on international cooperation and the recovery of assets derived from corruption;
- e. Raise awareness and train stakeholders in the criminal chain and other competent authorities, including the FIU, to make optimal use of international cooperation in investigations into ML/TF acts and associated predicate offences of a transnational nature, in particular to track, locate and confiscate the proceeds of crime.

382. The relevant immediate outcome examined and evaluated in this chapter is IR.2. The relevant Recommendations for assessing effectiveness under this chapter are R.36-40 and elements of R. 9, 15, 24, 25 and 32.

8.2. Immediate Outcome 2 (International Cooperation)

383. Money laundering and terrorist financing are forms of transnational organized crime which involve, in their commission, several jurisdictions, both in terms of the perpetrators and the material elements of the offence. It is therefore imperative to implement effective international cooperation to overcome these scourges. By and large, The Union of the Comoros relies on international and regional legal instruments to which it has adhered and based to which it has sought to adapt its legal and institutional framework with the aim of achieving the required effectiveness by issuing and soliciting the broadest international cooperation possible.

Provision of mutual legal assistance and extradition in a constructive manner and without delay

384. The Union of the Comoros, through the implementation of the relevant international legal instruments to which it has adhered and the development of a legal and institutional framework more or less Compliant on international standards and standards in AML/CFT/PF, can provide the broadest possible international cooperation in mutual legal assistance and extradition.

Mutual Legal Assistance

385. The Ministry of Justice is in charge of mutual legal assistance. It has within it a Legal Affairs Department which performs the functions of the central authority in charge of mutual legal assistance without having been officially designated. In this regard, it receives requests for extradition and mutual legal assistance addressed to the Union of the Comoros through the Political and Legal Affairs Department of the Ministry of Foreign Affairs which it transmits to the General Prosecutor's Office for the purposes of execution. Requests for mutual legal assistance are executed, in absolute confidentiality, by means of investigations and other acts usually conducted by the Law enforcement authorities within the framework of legal proceedings. The lack of official designation of a central authority thus limits the possibility of submitting any request for mutual assistance directly to it in emergency situations with advanced

copies, instead of going through the diplomatic channel described above which could jeopardize the provision of constructive cooperation without delay. In addition, the low level of human resources in the legal affairs department performing this function, a Magistrate in the person of the Director and two assistants, prevents it from adequately assuming such functions.

386. Also, this provision of cooperation is negatively impacted by the lack of a simplified procedure through a designated central authority, and a mechanism designed for the execution of foreign assistance received to be prioritized and ensuring monitoring of their execution without delay. In this regard, statistics on international cooperation are not kept and the country has attested to having received only two requests for mutual legal assistance issued by Belgium in 2018 and Denmark in 2021 and yet to be executed. This low number of requests for mutual assistance received by the Union of the Comoros could also be attributed to the limited number of Legal cooperation agreements signed and ratified by the country (only one agreement signed with Madagascar), even though this cooperation can be based on the provisions of the Palermo Convention against Transnational Organized Crime with the countries which have ratified it in the same way as the Union of the Comoros.

387. Thus, the Union of the Comoros has not demonstrated that it has provided any constructive mutual legal assistance without delay, since the only two requests received over the last five years are still to be executed.

Extradition

388. Regarding extradition requests, the Union of the Comoros executes them based on the bilateral conventions and the principle of reciprocity. The only existing limit is associated with the requirement of dual criminality.

389. In this regard, the Union of the Comoros received a requested for France in March 2021 for the extradition of two French nationals convicted of attempted theft by trickery, force or escalation in repeat offences and it met this request by handing over the accused to the French Judicial Authorities on 21st October 2021 without delay. Also, the Union of the Comoros executed another extradition request through simplified direct surrender procedure issued in 2021 by Madagascar concerning two Malagasy nationals wanted for facts of gold smuggling and corruption. This simplified surrender by order of the Minister of Justice of the Union of the Comoros was made without delay, within a maximum period of ten days between the Malagasy request and the surrender made on 12th January 2021, based on the Legal Convention between the Comorian State and the Democratic Republic of Madagascar signed on 2nd November 1976.

390. The execution of these extradition requests to the satisfaction of the requesting countries attests to a more or less effective mechanism for providing international cooperation in matters of extradition from the Union of the Comoros. However, no request has been received for the extradition of people convicted of ML/TF acts.

Table 8.1: Statistics on Extradition Requests Received (2019-2023)

Year	Extradition Requests		
	Request	Executed	Execution Rate
2019	-	-	-
2020	-	-	-
2021	2	2	100%
2022	-	-	-
2023	-	-	-
Total	2	2	100%

Request for mutual legal assistance and satisfactory extradition to prosecute domestic ML, related predicate offences and TF cases with transnational elements, without delay.

391. The Union of the Comoros has not requested mutual legal assistance from foreign countries to investigate ML/TF acts or even associated predicate offences. On the other hand, it has requested, to a lesser extent, for the extradition of Comorian nationals convicted of acts associated with predicate offences.

392. Indeed, the Union of the Comoros, during the period spanning 2018 to June 2023, filed a request for international Legal cooperation twice from third States based on the principle of reciprocity and bilateral agreement. These are two extradition requests, one of which was addressed to the Democratic Republic of Madagascar and the other to the United Arab Emirates (UAE).

393. Regarding the first case which concerned request for extradition of a Comorian national subject to an arrest warrant and convicted of acts of criminal association, conspiracy and complicity, possession of firearms, no revelation of crimes and misdemeanours and concealment of criminals issued in 2021, the Malagasy State executed the said request without delay.

394. With regard to the second request which concerned a Comorian national sentenced to ten years' imprisonment for acts of embezzlement of public funds, forgery and use of forgery, usurpation of office, forfeiture, corruption, concealment and complicity, the United Arab Emirates refused to execute the request, arguing that there was no bilateral agreement on mutual legal assistance between the two countries.

395. A third case of request for Legal cooperation provided by the country and which dates as far back as 2016 had to do with the transfer of a Comorian woman convicted and detained in Mauritius for acts of possession and importation of narcotics, was also rejected by the requested country for the same reason, namely the lack of a relevant bilateral agreement. These two cases of refusal to execute requests for mutual assistance should push the Union of the Comoros to sign more bilateral agreements on Legal cooperation with third countries likely to provide it with constructive mutual legal assistance, by finalizing the negotiations and renegotiations already engaged with countries such as France, Madagascar, Russia and Mauritius, and initiating other negotiations. Indeed, to date, the Union of the Comoros has only signed and ratified one bilateral agreement on mutual legal assistance with Madagascar.

Table 8.2: Statistics of Extradition Requests Issued (2019-2023)

Year	Extradition Requests Issued		
	Request	Executed	Entry rate
2019	-	-	-
2020	1	1	100%
2021	-	-	-
2022	-	-	-
2023	1	-	0%
Total	2	1	50%

396. Ultimately, the Union of the Comoros makes little use of international Legal cooperation, particularly for the purpose of prosecuting cases of money laundering, associated predicate offences and terrorist financing likely to have ramifications abroad. This situation results from the fact that the Union of the Comoros does not prioritize international cooperation to effectively combat the various forms of transnational crime, while emerging threats of organized crime

such as migrants' smuggling, and human trafficking are steadily increasing in the country. Also, the Law enforcement authorities are not adequately sensitized and trained to use international cooperation to effectively investigate acts of transnational organized crime.

397. However, the country implemented informal cooperation in two cases in 2021 and 2022 respectively for gold smuggling and corruption and for fraud, forgery and use of forgery (see analysis 7.1). In both cases, the country requested for and obtained from the Democratic Republic of Madagascar the arrest and easy surrender of Comorian nationals wanted for criminal activities as soon as they entered the national territory of the requested country by air borders.

Other Forms of International Cooperation Request for AML/CTF purposes

398. The competent authorities of the Union of the Comoros also make little use of their foreign counterparts in the context of handling ML/TF cases and associated predicate offences through bilateral and multilateral agreements signed between them.

Law Enforcement Authorities

399. The Law enforcement authorities exchange information particularly by the IPCO/Interpol through the National Central Office in Moroni which is the national relay of the organization like all member countries. In this regard, the BCN/Interpol of Moroni has access to the secure I.24/7 network through which the member countries of the IPCO/Interpol exchange information and transmit the most urgent requests for mutual assistance. However, the investigative authorities of the Union of the Comoros do not use this information exchange channel to solicit their foreign counterparts, in particular to investigate, locate, arrest or seize wanted persons or the proceeds of crime. This state of affairs could be attributed to the lack of training on international police cooperation and popularization of the Interpol I.24/7 tool for Law Enforcement Authorities.

400. However, this secure information exchange tool served the Union of the Comoros in a case of request for provisional arrest addressed to the Malagasy and Ethiopian national central offices. The databases of vehicles declared stolen and travel documents declared lost and stolen are also consulted by the investigative authorities in the fight against trafficking in stolen vehicles and migrants' smuggling.

401. Furthermore, the Union of the Comoros joined the World Customs Organization in the 1990s. Consequently, Comorian customs authorities can, on the basis of this membership, exchange information efficiently and securely with their foreign counterparts. The Comorian Customs is also party to the Johannesburg Conventions on mutual assistance and the Nairobi conventions on litigation and has signed bilateral mutual assistance agreements with the French, Malagasy and Moroccan Customs. However, Comorian customs has not been able to effectively access the secure system for exchanging information among WCO customs authorities and does not use these above-mentioned agreements to request for assistance from its counterparts for seizure of cash and BNIs upon entry into the national territory. However, Customs temporarily has a platform called "DGD KM CENcomm group" which enables it to contact its foreign counterparts for seizure of cash or BNIs upon entry into the national territory.

402. Regarding tax administration, it is a member of the African Tax Administrations Forum (ATAF) and not the Global Tax Transparency Forum. It has signed two Tax Agreements with Mauritius and the United Arab Emirates and has recently established an International Cooperation Department which is not yet functional. However, it does not use this international cooperation framework in any way to combat tax fraud and promote tax transparency. This state of affairs could be attributed to the low level of training of tax department officers and understanding of the ML/TF risks associated with tax offences.

FIU

403. The Financial Intelligence Service (FIU) of the Union of the Comoros is not yet a Member of the EGMONT Group but has signed bilateral agreements with six of its foreign counterparts which allow it to request for information in the processing of any financial information it receives. However, the Comoros-FIU rarely, if ever, uses peer-to-peer cooperation in processing the financial information it receives. Indeed, no statistical data was provided by the country to attest even to a request for information addressed to a counterpart in the context of processing STRs. This situation could be attributed to the insufficient operational analytical capacity of the FIU and training of staff assigned to the processing of suspicious transaction reports. Indeed, apart from the head of the investigations department who acts as head of the analysis office, the assigned staff are not trained in the operational analysis of financial information, much less in the use of international cooperation within this framework.

Monitoring and Supervisory Authorities

404. The Central Bank of The Union of the Comoros (BCC), which is the supervisory and monitoring authority of the financial sector, collaborates with the UMOA Banking Commission (CBU), the Central African Banking Commission (COBAC), the Central Bank of Tanzania, the Bank of Mauritius and the APCR of France, within the framework of banking supervision. Requests were sent in this regard to the CBU and COBAC to ascertain the fit-and-proper status of the majority shareholder during the acquisition of a local financial institution by any regional banking group. On-site inspections targeting foreign groups with subsidiaries in The Comoros are also conducted with the participation of foreign supervisors, including the APCR and Bank of Tanzania. The BCC is also a member of the Franc Zone Anti-Money Laundering Liaison Committee.

Providing other Forms of International Cooperation for AML/CFT Purposes

405. The authorities of the Union of the Comoros use the same channels through which they approach their counterparts to provide the latter with various forms of international cooperation within the framework of AML/CFT.

Law Enforcement Authorities

406. The Law Enforcement Authorities, including the police, the national gendarmerie, and the Customs, also use the channels of the IPCO/Interpol (I/24-7) and WCO to provide constructive cooperation to their foreign counterparts on request. The country has not communicated any data to attest to the provision of police information on request or spontaneously to its foreign counterparts in the investigation and prosecution of ML/TF acts or even associated sub-criminal predicate offences. However, the general intelligence services, which is the National Documentation and State Protection Department (DNDPE), in the fight against terrorism and its financing, exchange information with their foreign counterparts particularly through the African Committee for Intelligence and Security Services (CISSA). In this regard, from 28th -31st May 2023, the Union of the Comoros hosted a meeting bringing together the intelligence services of countries in the East African Region of CISSA to discuss the theme "East Africa and the Indian Ocean: A region subject to "multi-dimensional maritime threats".

407. This meeting was attended by representatives of intelligence services from countries in other regions of Africa (South Africa, Botswana, Egypt and Gabon), France, the United Kingdom, Saudi Arabia and the United Arab Emirates. This meeting ended up with a declaration called the "*Moroni Declaration*", designed to commit the intelligence services of the participating countries to greater cooperation and information exchange to combat maritime piracy, armed robbery at sea and the various forms of illegal maritime practices and criminal activities that threaten the security of countries.

FIU

408. The Comoros-FIU has provided its foreign counterparts, to a lesser extent, with international cooperation by responding to requests received from them. The Comoros-FIU has indeed responded to four (04) information requests out of the six received from foreign FIUs from 2019 to 2022.

409. The table below shows that the Comoros-FIU largely responds to information requests received from its counterparts, even though they are not many. The FIU consults its own database which is, however, not automated and rarely calls on other competent authorities to respond to information requests received from its counterparts. Furthermore, the Comoros-FIU used information contained in a foreign information request to process an STR received, requesting for authorization from the requesting FIU. Two foreign information requests received in 2022 have not yet been responded to and the FIU has not provided any information justifying this delay, other than that investigations are in progress to respond to the said information requests.

Table 8.3: Information Requests Received from 2019 to June 2022

Year	REQUESTS RECEIVED		
	Request	Response	Execution Rate
2019	1	1	100%
2020	1	1	100%
2021	1	1	100%
2022	3	1	33%
Total	6	4	66%

Monitoring and Supervisory Authorities

410. The BCC has responded without delay in the past to foreign Information requests received from its counterparts and relating to offshore banks operating with false licenses issued by entities usurping the functions and mandate of the BCC, through Internet websites. This cooperation has enabled the Union of the Comoros to more or less eradicate this practice which at the time threatened the reputation of the country's financial centre. However, apart from these cases which occurred years back, the country has not been able to prove, with supporting statistics, that the BCC, which is currently the only supervisory and monitoring authority for operational reporting entities, has provided these counterparts with constructive cooperation in the supervision of the implementation of AML/CFT preventive measures by the reporting entities within the financial sector.

411. Cooperation in the identification of international exchange of basic and beneficial ownership information of legal persons and legal arrangements

412. The National Agency for the Promotion of Investments in the Comoros oversees the management of the one-stop shop for business creation applications, requests for licenses and businesses administrative formalities, and for developing in collaboration with the Ministry of investments, investment policy as well as coordinating the identification and mapping out of business climate reforms.

413. In this regard, it collects basic information on legal persons which it transmits to the Commercial Court for authorization to create a company. This information relates to the company's name, legal status, address, registered office, capital, list of corporate officers and members of the Board of Directors, duration of the company, bank account number, among others. This information may be exchanged upon requests from foreign counterparts.

414. However, with no mechanism for collecting beneficial ownership information of legal persons, it is not possible for the Union of the Comoros to provide such information in a constructive manner and without delay on requests from foreign counterparts.

415. However, during the review period, the country, through the National Agency for the Promotion of Investments, responded to two requests from abroad concerning the identification of institutions claiming to be operating in the Union of the Comoros. However, these requests did not specifically relate to beneficial ownership information of the legal persons concerned.

General Conclusion on IO.2

416. The Comorian legal and institutional system more or less enables it to provide other countries with a wide range of international cooperation in AML/CFT. Indeed, through the implementation of the relevant international legal instruments and the multilateral and bilateral cooperation agreements that it has signed, the Union of the Comoros has the possibility of providing significant cooperation to third countries.

417. This capacity to provide the broadest international cooperation possible involves mutual legal assistance and other forms of cooperation between FIUs, Law enforcement authorities and Monitoring and Supervisory authorities, particularly in the financial sector.

418. However, non-designation of a central authority in charge of directly receiving, managing and monitoring the execution of incoming cooperation requests, the low level of human resources assigned to this task within the Legal Affairs Directorate of the Ministry of Justice as well as the lack of procedures and mechanisms for managing and monitoring cooperation requests, fundamentally compromise the ability of the Union of the Comoros to provide constructive cooperation without delay to these counterparts.

419. These strategic deficiencies and gaps are coupled with the very limited number of cooperation agreements in Legal matters signed and ratified by the Union of the Comoros as well as the inadequate priority given to international cooperation by the Law enforcement authorities, impact its capacity to request for information from its foreign counterparts, formally or informally, particularly to deal with ML/TF cases and associated predicate offences of a transnational nature.

420. **The Union of the Comoros is rated as having a low level of effectiveness on IO.2.**

APPENDIX A. TECHNICAL COMPLIANCE

This section provides a detailed analysis of the level of compliance with the FATF 40 Recommendations in numerical order. It does not include descriptive texts on the country situation or risks and is limited to the technical criteria defined for each Recommendation. It should be read in conjunction with the Mutual Evaluation Report.

Where FATF requirements and national Laws or regulations remain the same, the report refers to the analysis carried out as part of the previous mutual evaluation in 2010. This report is available at the following address: www.giaba.org

Recommendation 1 – Risk Assessment and Implementation of a Risk-based Approach

This is a new FATF Recommendation which was not assessed during the previous mutual evaluation of the Union of the Comoros.

Risk Assessment

Criterion 1.1

AML/CFT Law No. 12-008/AU does not include provisions relating to the obligation to identify and assess ML/TF risks. However, The Union of the Comoros launched its national ML/TF risk assessment in October 2019 through Ministerial Decree No. 19-053/MFBSB/CAB establishing the conduct of the national risk assessment and development of the national AML/CFT strategy and n°19/057 appointing the NRA stakeholders. The NRA process, conducted in an inclusive manner with all competent authorities and stakeholders involved in AML/CFT, ended on 7th June 2023 with the approval of the NRA report by Cabinet. The relatively protracted duration of the NRA process is attributable to both the health measures associated with Covid-19 and the lack or unavailability of statistical data. The analysis of the conclusions and findings of the NRA reveals the non-assessment of certain sensitive categories/sectors, namely: legal persons, NPOs, virtual assets and service providers.

Criterion 1.2

The Union of the Comoros has not established an operational framework through the designation of bodies responsible for the coordination and operational management of the NRA process launched in 2019 (Decree n°19-053/MFBSB/CAB)

Criterion 1.3

The Union of the Comoros has conducted its maiden national ML/TF risk assessment. The national AML/CFT strategy document sets a five-year period for updating ML/TF risk assessments. This is not a binding document but indicates a high-level political commitment, with regards to the effective update of ML/TF risk assessment.

Criterion 1.4

The Union of the Comoros has shared the NRA findings with all AML/CFT stakeholders (Law enforcement authorities, supervisory authorities, self-regulatory bodies, FIs and DNFBPs) by means of physical letters and electronic and also through dissemination workshops in the 3 islands.

Risk Mitigating Measures

Criterion 1.5

The Union of Comoros has developed an action plan to address the risks identified in its NRA. However, the Comorian legal framework does not provide for the enforcement of a risk-based approach to mobilize and allocate resources in the framework of the implementation of ML/TF priority risk mitigation measures, based on an understanding of the risks identified. In addition, the assessment team did not have access to the financing or resource mobilizing plan

needed to implement the action plan of the national strategy drawn up on the basis of the NRA outcomes, in order to assess their efficient allocation according to the risks.

Criterion 1.6a and b

The Union of the Comoros has not opted for any exemption from the implementation of the FATF Recommendations under the circumstances covered by this criterion.

Criterion 1.7a and b

There is no provision requiring FIs and DNFBPs to take enhanced measures to manage and mitigate the high risks identified by The Union of the Comoros. However, a regulatory decision from the BCC (N°12-2023/BCC/DSBR of 26th July 2023) requires FIs to incorporate the findings of the national risk assessment into their internal risk assessments.

Criterion 1.8

No legal provision authorizes FIs and DNFBPs to take simplified measures for certain FATF Recommendations when dealing with an identified lower risk, and in consistency with the ML/TF risk assessment conducted by the Union of the Comoros.

Criterion 1.9

Compliance with this criterion is compromised because FIs and DNFBPs do not have a legal obligation to implement the requirements of Recommendation 1.

Risk Assessment by FIs and DNFBPs

Criterion 1.10 a, b, c and d

A regulatory Decision issued by the BCC (No. 12-2023/BCC/DSBR of 26th July 2023) requires FIs to take appropriate measures to identify and assess their ML/TF risks (risks linked to clients, countries or geographic areas; and products, services, operations, and distribution channels) in accordance with requirements a, b, c and d of Criterion 1.10. With regard to DNFBPs, no legal or regulatory provision imposes such requirements on them.

Risk Mitigating Measures

Criterion 1.11a, b and c

A regulatory Decision issued by the BCC requires FIs to have policies, controls and procedures, approved by senior management, enabling them to manage and mitigate identified risks, monitor the implementation of such controls and strengthen them if necessary and take enhanced measures for the highest risks. With regard to DNFBPs, no legal or regulatory provision imposes such requirements on them.

Criterion 1.12

No legal provision requires FIs and DNFBPs to take simplified measures to manage and mitigate ML/TF risks as required by this criterion.

Weighting and conclusion

The AML/CFT Law No. 12-008/AU does not include provisions requiring the Union of the Comoros to identify and assess the ML/TF risks to which it is exposed and to keep them up to date. The Comorian legal and regulatory framework also does not provide for the application of the risk-based approach in the implementation of measures to mitigate the identified ML/TF risks. Furthermore, there is no provision requiring FIs and DNFBPs to take enhanced measures to manage and mitigate the high risks identified by the Comoros. Moreover, the authorisation of simplified due diligence measures by FIs and DNFBPs in case of identified low risks is not based on the absence of ML/TF suspicion. The legal framework of the Union of the Comoros presents major gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Partially Compliant on Recommendation 1.

Recommendation 2 - National Cooperation and Coordination

The Union of the Comoros was rated largely compliant on Recommendation 2 (ex rec. 31) during its previous evaluation. The deficiencies identified mainly focused on the gaps in national cooperation in AML/CFT. The main novelty introduced by Recommendation 2 is the requirement for countries to have national AML/CFT policies which take into account the identified ML/TF risks, and which are regularly reviewed. It also requires cooperation and coordination among competent authorities to ensure the compatibility of AML/CFT requirements with data protection and privacy measures. Since its last evaluation, the Union of the Comoros has established a National Committee in charge of developing the national AML/CFT policy.

Criterion 2.

The Union of the Comoros has developed a national strategy taking into account the risks identified in the NRA approved in June 2023 by the political authorities. The national AML/CFT strategy document sets a five-year period for updating ML/TF risk assessments. However, this document is not binding in respect of compliance with the effective updating of ML/TF risk assessments every five years.

Criterion 2.2

By AML/CFT Decree No. 12-041/PR dated 18th February 2012, The Union of the Comoros has established a National Committee in charge of developing the national AML/CFT policy. In this regard, it is authorized to propose any legislative, regulatory or administrative reform; to coordinate the various measures to be implemented in accordance with the standards and to ensure permanent monitoring of the progress made. It convenes regularly to ensure the accomplishment of its mandate.

Criterion 2.3

The cooperation and coordination framework for the development and implementation of AML/CFT policies and activities is based on the National Committee established by Decree No. 12-041/PR and the technical committee (provided for in Art. 3 indent 12 of Decree No. 20-145/PR). However, the National Committee is not adequately representative of all AML/CFT stakeholders from the public and private sectors in that its composition is limited to only representatives of a few strategic Ministries and the Financial Intelligence Service (Art. 3 of Decree No. 12-041/PR). We note, for instance, the lack of supervisory authorities, Law Enforcement authorities, the private sector (self-regulatory bodies or professional associations of reporting entities). Furthermore, the technical committee in charge of operationally supporting the financial intelligence service is yet to be established (the Order mapping out its organization, its responsibilities and its functioning is yet to be issued).

Criterion 2.4

There is no national cooperation framework in the fight against the financing of the proliferation of weapons of mass destruction.

Criterion 2.5

The Union of the Comoros has no cooperation or coordination among the competent authorities to ensure the compatibility of AML/CFT requirements with data protection and privacy measures, as well as other similar provisions.

Weighting and conclusion

The Union of the Comoros has a legal and institutional framework for cooperation and coordination for the development and implementation of AML/CFT policies and activities. Although this framework is functional, it is not adequately inclusive and does not incorporate the fight against proliferation financing. Besides, the National Committee in charge of coordination does not have adequate resources to effectively conduct its missions. Furthermore, there is no cooperation with the competent authorities in charge of data protection and respect for private life. The legal framework of the Union of the Comoros presents moderate deficiencies with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Partially Compliant on Recommendation 2.

Recommendation 3 – Money Laundering Offence

In the previous MER, the Union of the Comoros was rated partially compliant on Recommendation 3 (ex rec.1 and 2). The gaps identified related to the lack of certain predicate offences designated by the FATF in the criminal legislation and a very strict definition of other offences. Furthermore, assisting, facilitating and advising the commission of the money laundering offence was not criminalized either. Henceforth, the provisions of Law No. 20 - 038/AU of 29th December 2020 establishing the Penal Code as well as those of AML/CFT Law No.008/AU strengthen the legal framework for ML and mitigate the deficiencies identified.

Criterion 3.1 -

The Union of the Comoros has ratified and domesticated the Vienna and Palermo Conventions which criminalize the money laundering offence. Indeed, Law No. 20 - 038/AU of 29th December 2020 establishing the Penal Code (PC) as well as AML/CFT Law No.008/AU criminalize the conversion or transfer, acquisition, possession or the use by any person of assets derived from a crime or offence or from participating in a crime or offence, or for the purpose of concealing or masking the nature, origin, location, circulation or ownership of assets (Art.543 of the PC and 39 of AML/CFT Law 12-008/AU).

Criterion 3.2 –

The money laundering offence in the Comoros covers all predicate offences qualified as misdemeanours or crimes, liable to prison sentences of one month (01) to ten (10) years (Art. 7 of the penal code) and from ten (10) to thirty (30) years (art 4 of the penal code), respectively. In addition, it explicitly covers, and in the same order, the list of categories of offences designated by the FATF (Art. 1.7 and 2 of AML/CFT Law No. 12-008/AU).

Criterion 3.3

The Union of the Comoros has adopted a combination of methods.

Criterion 3.3.a It has explicitly determined the predicate offences of ML, but has also established in its legal order, all the crimes and misdemeanours which constitute the most serious offences (Art.1.7 and 2 of AML/CFT Law n ° 12-008/AU).

Criterion 3.3.b Offences classified as crimes are liable to imprisonment of ten (10) to thirty (30) years (Art. 4 of the PC).

Criterion 3.3.c Offences classified as misdemeanours are liable to a prison sentence of one (01) month to ten (10) years (Art. 7 of the penal code). The minimum sentence of one month provided for by the Penal Code is less than the required minimum sentence of six (06) months. It covers the requirements of the criterion.

Criterion 3.4

The ML offence applies to assets and assets of any nature regardless of the value as long as they directly or indirectly represent the proceeds of crime (Art. 2.2.f and 2.2.h of AML/CFT Law No. 12-008/AU).

Criterion 3.5

Comorian legislation explicitly provides that it is not necessary for the perpetrator to be convicted of any predicate offence to prove that the assets is the proceeds of crime or illegal activity (art. 39 para. 3 of AML/CFT Law No. 12-008/AU and Art. 547 para. 2 of the PC).

Criterion 3.6

The ML offence is complete even though the predicate offences which generated the assets to be laundered were committed in a third State when they would have constituted an offence in the Union of the Comoros if they had been committed there (art. 39 para. 4 of AML/CFT Law No. 12-008/AU and art. 543 para.5 of the PC).

Criterion 3.7

The legal system of the Union of the Comoros provides for the self-laundering of the proceeds of the predicate offences

by the perpetrator of the said offences (Art.543 para. 6 of AML/CFT Law No. 12-008/AU).

Criterion 3.8

Proof of knowledge of the facts and intention of the ML offence can be deduced from objective factual circumstances (art. 39 para. 3 of AML/CFT Law No. 12-008/AU and Art. 547 of the PC).

Criterion 3.9

Individuals face prison sentences of three (03) to ten (10) years for ML, and a fine of up to five times the value of the assets or funds involved in the ML operations (art. 39). of AML/CFT Law No. 12-008/AU and art. 545 of the PC). Under more serious circumstances, these prison sentences are doubled (art.555 of the PC). Optional additional penalties are also provided for (art.552 of the PC). These sanctions fall into the category provided for serious offences in the Comorian legal order, particularly crimes liable to ten (10) to thirty (30) years of imprisonment (art. 4 of the PC) and offences liable to penalty of one (01) month to ten (10) years of imprisonment. A verdict could also be delivered in favour of the State, subject to the rights of bona fide owners, for the confiscation of assets which was used, or which was intended to commit the offence and that of the proceeds of the offence as well as the confiscation in value, where applicable (art. 560 of the PC). Furthermore, managers and employees of accountable legal persons incur sanctions of one (01) to five (05) years and a fine of an amount proportional to the importance of the value of the offence and which cannot be in no case be less than ten million (10,000,000) Comorian francs -KMF- (i.e. €20,323) for failure to fulfil their ML/TF obligations (art. 554 para. 1 of the PC). These sanctions are proportionate and dissuasive.

Criterion 3.10

Legal persons also incur sanctions for ML (art. 27 and 553 of the PC and 43 of AML/CFT Law No. 12-008/AU). Indeed, in addition to fines equivalent to fifteen (15) times those incurred by natural persons, legal persons may be prohibited permanently or for a period of five (05) years at most from directly or indirectly exercising certain professional activities, closed permanently or for five (05) years and see the decision of their conviction broadcast in the media. Confiscation of assets used or intended to commit the offence, or the proceeds of the offence may also be ordered. Additional sanctions are also provided for. Furthermore, legal persons having the status of reporting entities incur fines of an amount proportional to the importance of the value of the offence and which may in no case be less than ten million (10,000,000) KMF (i.e. €20,323) for failure to fulfil their AML/CFT obligations (art. 554 para. 1 of the PC). In addition, their supervisory authorities are empowered to impose administrative sanctions against both of them and the individuals representing them (art 44 of AML/CFT Law No. 12-008/AU). These sanctions are proportionate and dissuasive.

Criterion 3.11

Participation, association with a view to committing, attempting to commit, aiding or inciting to commit or, advising, facilitating the commission of the money laundering offence are punishable under the Comorian legal system (art. 546 of the PC and art.39 paragraph 2 and 40 of AML/CFT Law No. 12-008/AU).

Weighting and conclusion

The Comorian legal system has no gaps in relation to the requirements of this Recommendation.

The Union of the Comoros is rated Compliant on Recommendation 3.

Recommendation 4 - Confiscation and Preventive Measures

In the previous MER, the Union of the Comoros was rated Partially Compliant on Recommendation 4 (ex Rec.3). This

rating was justified by the fact that the prerogatives of the Law enforcement authorities were not clear about detecting and tracing the origin of assets subject to confiscation or likely to be confiscated or to constitute the proceeds of a crime. In addition, the rating was also linked to the non-implementation of mechanisms for freezing, seizure and confiscation of criminal assets in terms of ML. Most of its inadequacies have been resolved with the adoption of AML/CFT Law No. 12-008/AU as well as AML/CFT Law No. 21-004/AU.

Criterion 4.1 -

a and d. The Comorian legal system provides for preventive seizure with a view to confiscating assets or funds resulting from a ML offence including assets of equivalent value subject to the rights of owners in good faith (art. 51 of AML/CFT Law No. 12-008/AU and. 560 of the PC).

b. This preventive measure also covers income and other benefits derived from proceeds, assets which were used or were intended to be used to commit ML offences (art. 51 of AML/CFT Law No. 12-008/AU and art. 560 of the PC) as well as the associated predicate offences (Art. 54 of the Code of Criminal Procedure -CCP-).

c. Furthermore, there is provision for the seizure with a view to confiscation of assets which was used or facilitated, or which was intended to be used for the commission of the offence of terrorism financing, terrorist acts as well as terrorist organizations which are part of the domain enforcement of the Law (art. 2 and 43 of AML/CFT Law No. 21-004/AU and art. 54 of the CCP).

Criterion 4.2

has. In the context of flagrant and preliminary investigations, the investigating judges and Criminal investigation officers of the Union of the Comoros have the power to conduct research and investigations allowing them to detect, trace and evaluate the assets which are the instruments or products of the offence (art. 16 to 19, 54 to 67 and 92 to 100 of the CCP; art. 35 and 36 of AML/CFT Law No. 12-008/AU).

b. The investigating judge may prescribe preventive measures which order in particular, at the expense of the State, the seizure or confiscation of funds and assets in relation to the ML or TF offence, subject of the investigation, and of all elements likely to enable them to be identified, as well as the freezing of sums of money and financial transactions (Art. 35 and 36 of AML/CFT Law 12-008/AU).

c. The legal system of the Union of the Comoros does not empower criminal investigation officers, State Prosecutors and investigating judges to prevent or cancel actions which compromise the country's capacity to freeze, seize or recover assets earmarked for confiscation. However, the FIU may temporarily order the declarant to freeze all funds which are the subject both of ML/TF and the predicate offences (art. 93 of AML/CFT Law no. 21-004/AU).

d. Furthermore, the Criminal Investigation (CID) Officers may note down violations of criminal law, gather evidence and search for the perpetrators as long as an investigation is not opened; if necessary, they exercise these powers under the auspices of the investigating judge (art. 14 and 15 of the CCP. The investigating judge may take all the necessary actions to establish the truth (art. 49, 80, 81 and 92 of the CCP). Similarly, the State Prosecutor may instruct the CID and require the investigating judge to conduct the same acts (art. 41 of the CCP).

Criterion 4.3

Seizures and confiscations are made in compliance with the rights of third parties in good faith (art. 36 and 101 of AML/CFT Law No. 21-004/AU). The accused, the civil party or any other person who claims to have a right to an object placed secretly may Request its return from the investigating judge (art. 99 of the CCP). Any person other than the accused, the civil party or the civilly responsible person who claims to have a right to the objects placed under judicial control may also claim their restitution from the Court dealing with the proceedings (art. 479 of the CCP).

Criterion 4.4

The seized assets are managed by the court registries. When it concerns ingots, effects or values whose preservation in kind is not necessary for the manifestation of the truth, the investigating judge may authorize the registrar to deposit them in the deposit and consignment office (art. 97 of the CCP) which does not exist. But the Central Bank of The

Comoros (BCC) practically exercises the powers of the Consolidated Revenue Fund. However, the Union of the Comoros does not have another mechanism to manage and, if necessary, dispose of assets other than frozen, seized or confiscated cash and ingots.

Weighting and conclusion

The Union of the Comoros provides for seizure with a view to confiscation of instrumentalities and proceeds of crime or their equivalent values while respecting the rights of bona fide third parties. However, except for the FIU, there are no measures aimed at preserving the capacity of stakeholders in the criminal justice chain to freeze, seize or recover assets. There is also no mechanism for managing seized and confiscated assets. The Comorian AML/CFT/PF system presents minor gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Largely Compliant on Recommendation 4.

Recommendation 5 – Terrorist Financing Offence

In the previous MER, the Union of the Comoros was rated Partially Compliant on Recommendation 5 (ex. Special Recommendation II) for reasons relating to the non-criminalization of TF acts in accordance with the 1999 United Nations Convention on the Repression of the Terrorist Financing (the definition of the terrorist financing only covered the terrorist act and terrorist organization and individual terrorist, the facts of complicity, agreement, aid, assistance and association in the commission of the TF offence). These deficiencies have been resolved with the revision of the Comorian legal framework.

Criterion 5.1 -

The Comorian legal system criminalizes TF in accordance with Article 2 of the United Nations Convention for the Suppression of TF (art. 544 of the Penal Code). It means any act committed by a natural or legal person who, by any means, directly or indirectly, deliberately provided or collected assets, funds and other financial resources with the intention of using them or knowing that they will be used, in whole or in part, by an individual or a terrorist organization with a view to committing one or more terrorist acts. The commission of one or more of these terrorist acts also constitutes an offence (art. 2 of AML/CFT Law No. 21-004/AU).

Criterion 5.2

The terrorist financing offence is the act of any natural or legal person providing or gathering funds and other assets, by any means whatsoever, directly or indirectly, illicitly and deliberately, with the intention of using or knowing that they will be used, in whole or in part, by an individual or a terrorist organization with a view to committing one or more terrorist acts. The offence of TF is established even if there is no link with one or more specific terrorist acts and all forms of support and financing of persons or organizations/activities related to terrorism are prohibited (art. 544, 550 of the PC, arts. 17 and 77 of AML/CFT Law 21-004/AU).

Criterion 5.2 (bis)

The TF offence covers the financing of travel by persons going to a State other than their State of residence or nationality, with the intention of committing, organizing or preparing acts of terrorism, or in order to do so or participate in or provide or receive terrorism training (art. 17 para.1 dash 2 of AML/CFT Law 21-004/AU).

Criterion 5.3

The TF offence is applicable to all assets and other financial resources of legal or illegal origin, provided or gathered with the intention of seeing them used or knowing that they will be used in whole or in part for the commission of a terrorist act (art. 17 para. 1 indent 1 of AML/CFT Law 21-004/AU).

Criterion 5.4

Criterion 5.4 a The TF offence is constituted, whether or not the act took place, and whether or not all funds were used to commit or attempt to commit one or more terrorist acts (art. 550 para. 2 of the PC and art 1.3 paragraphs 2 of AML/CFT Law 21-004/AU).

Criterion 5.4 b The terrorist financing offence is established whether the funds and assets are associated with one or more specific terrorist acts (art. 550 para. 2 of the PC).

Criterion 5.5

The Comorian legal system provides that the intentional element and knowledge of the facts required to establish proof of the TF offence can be deduced from objective factual circumstances (art. 551 of the PC).

Criterion 5.6

Natural persons guilty of TF are liable to fifteen (15) to twenty (20) years of imprisonment and a fine equal to at least five (05) times the value of all funds or assets involved. The same applies to attempted TF (art. 548 and 549 of the PC). These penalties are doubled for very serious circumstances (art. 556 and 557 of the PC). There are also optional additional criminal sanctions, namely the ban on carrying out any professional activity in the exercise of which or during the exercise of which the offence was committed, the ban on directing/managing/ administer a business or a business or industrial company and the ban on residence (Art. 552 of the PC). All funds and other financial resources which are the object of the offence as well as any movable or immovable assets intended or having been used in the commission of the offence belonging to the convicted person, his spouse and partner as well as his children, subject to proof Lawful origin, may be subject to compulsory confiscation in favour of the State (art. 560 of the PC). These sanctions are proportionate and dissuasive.

Criterion 5.7

Legal persons guilty of TF are liable to a fine of up to fifteen (15) times the amount of the sums subject to the offence. They may be subject to other additional sanctions (art. 553 of the PC). Accountable legal persons face prison sentences of one (01) to five (05) due to failure to meet their AML/CFT obligations (art. 554 of the PC). These penalties are doubled under very serious circumstances (art. 556 and 557 of the PC). Furthermore, their supervisory authorities may also take appropriate sanctions against them in accordance with the relevant applicable legislative and regulatory texts (art. 44 of AML/CFT Law 12-008/AU). These sanctions are proportionate and dissuasive.

Criterion 5.8

Criterion 5.8 a The attempt to commit a terrorist financing offence also constitutes an offence (Art. 549 of the PC).

Criterion 5.8 b The terrorist financing offence is committed when a natural or legal person participates in it as an accomplice by providing means, aid, assistance and advice with a view to committing it (Art. 549 of the PC).

Criterion 5.8 c The offence is committed when anyone organizes or incites others to commit acts of terrorist financing (Art. 42 of AML/CFT Law 12-008/AU).

Criterion 5.8 d Criminal acts include agreement or participation in an association with a view to committing an act constituting the terrorist financing, association to commit the said offence, aid, incitement or advice to a natural or legal person, with a view to executing it or facilitating its execution. All persons involved in this organization are subject to criminal liability (art. 42 of AML/CFT Law 12-008/AU).

Criterion 5.9

The TF offence is designated as a predicate offence to ML (Art.1, point.7 of AML/CFT Law 12-008/AU).

Criterion 5.10

The TF offence is applicable to any natural or legal person, and to any legal organization in the Union of the Comoros, without taking into account the place where the act was committed (Art.550 of the PC).

Weighting and conclusion

The Comorian legal system presents no gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Compliant on Recommendation 5.

Recommendation 6 - Targeted Financial Sanctions related to Terrorism and its Financing

In its previous evaluation, the Union of the Comoros was rated non-compliant on Special Recommendation III, the requirements of which are now included in the assessment criteria of Recommendation 6. The factors justifying this non-compliance were due to the lack of mechanism for freezing terrorist funds in accordance with United Nations Security Council Resolutions 1267 and 1373 et seq. Since then, the Union of the Comoros has passed AML/CFT Law 12-008/AU of 28th June 2012 and Law No. 21-004/AU of 29th June 2021 relating to the fight against Terrorism, its financing and the Repression of money laundering to strengthen its system in this area. The Union of the Comoros has also very recently issued a Decree establishing the regime and procedures for the implementation of Targeted Financial Sanctions (TFS) related to terrorist financing and proliferation (TF-P).

Identification and designation

Criterion 6.1 a, b, c, d and e

Criterion 6.1 a The Union of the Comoros has designated the Minister of Finance as the competent authority in charge of proposing the designation of persons or entities to Committees 1267/1989 and 1988 of the United Nations Security Council (Article 4 Decree 23-074/PR of 25th July, 2023).

Criterion 6.1 b The Union of the Comoros has a mechanism to identify designation targets based on the designation criteria established by the UNSCRs with the creation of a Technical Advisory Commission on Administrative Freezing (art. 31 to 35 of Decree 23-074/PR). However, the Decree which should define the functioning of the said commission is yet to be issued.

Criterion 6.1 c The Union of the Comoros implements criteria of proof based on “reasonable grounds or bases” with a view to proposing or not, a designation for inclusion on the TFS lists, under Resolutions 1267, 1989, 1988 and subsequent Resolutions (art. 5-1 of Decree 23-074/PR). These designation proposals are not subject to the existence of a legal procedure (art. 10 of Decree 23-074/PR).

Criterion 6.1 d The Union of the Comoros uses the registration templates adopted by Committee 1267/1989 or Committee 1988 (Art. 5-2 of Decree 23-074/PR).

Criterion 6.1 e The Comorian legal system provides that the designated competent authority, in this case the Minister of Finance, shall provide as much relevant information as possible on the identity of the proposed person, makes an explanatory statement detailed on the reason for its proposal and specifies whether the country's status as designating State can be made public (art. 5-3, 5-4 and 5-5 of Decree 23-074/PR).

Criterion 6.2a, b, c, d and e

Criterion 6.2 a The Union of the Comoros has designated the Minister of Finance as the competent authority in charge of proposing the designation of natural persons or entities who meet the specific criteria for designation under UNSCR 1373 (Article 6 of Decree 23 -074/PR).

Criterion 6.2 b The Union of the Comoros has a mechanism to identify designation targets based on the designation criteria established by UNSCR 1373 with the creation of an Administrative Technical Advisory Freezing Committee (Art. 31 to 35 of Decree 23-074/PR). However, the Decree which should define the functioning of the said commission is yet to be issued.

Criterion 6.2 c- The Comorian legal system provides for the possibility of quickly determining that there are reasonable grounds or a reasonable basis to suspect that the person or entity whose designation is requested for by a third country meets the designation criteria of UNSCR 1373 (Article 8 of Decree 23-074/PR).

Criterion 6.2 d The Union of the Comoros system describes the criteria of proof relating to “reasonable grounds” or “reasonable basis” (art. 16 of Decree 23-074) and specifies that the designations are not subject to the existence of

legal proceedings (art. 10 of Decree 23-074/PR).

Criterion 6.2 e The competent administrative freezing authority provides relevant information on the identification of the proposed person or entity, as well as specific information supporting the designation decision, when the Union of Comoros requests another country to give effect to actions initiated within the framework of freezing mechanisms (Article 12 of Decree 23-074/PR).

Criterion 6.3a and b -

Criterion 6.3 a The Union of the Comoros gives the competent authority in administrative freezing the powers to collect or request from all competent authorities' relevant information on persons meeting the designation criteria on the basis of reasonable grounds, or for which there is a reasonable basis to suspect that they meet these criteria (Article 9 of Decree 23-074/PR).

Criterion 6.3 b The competent authority in matters of administrative freezing in the Union of the Comoros may intervene ex parte against a person or entity having been identified and whose designation, or proposed designation, is examined (Article 11 of Decree 23-074/PR).

Freezing

Criterion 6.4

The Comorian legal system designates the Director of the Financial Intelligence Service (FIU) as the authority in charge of taking, "by any act leaving a written trace, without delay and without prior notification", the decision to freeze funds and other resources economic and financial of persons or entities designated under TFS under UNSCR 1267 and subsequent ones (Articles 18 and 19 of Decree 23-074/PR).

With regard to TFS issued under UNSCR 1373, it is the Minister of Finance who decides, without delay and without prior notification, by order, the freezing of funds and other economic and financial resources of designated persons or entities (Articles 20 and 21 of Decree 23-074/PR).

However, the intervention of the Director of the FIU through a freezing decision the nature and modalities of which have not been specified, implies that the TFS issued under UNSCR 1267 and subsequent ones cannot be implemented without delay.

Criterion 6.5 a, b, c, d, e and f

Criterion 6.5 a The Comorian legal system requires financial institutions and DNFBPs, as well as any other natural or legal person located in the territory, to freeze without delay and without prior notification, all funds of designated persons and entities (Articles 2 and 22 of Decree 23-074/PR).

Criterion 6.5b In the Comorian legal system, the freezing obligation extends to all funds or assets likely to be frozen in accordance with the requirements of the FATF (art. 23 of Decree 23-074/PR).

Criterion 6.5c The Comorian legal system prohibits any Comorian national or any natural or legal person established in the national territory from remitting funds, resources and other services to related persons or entities, directly or indirectly, entirely or jointly, for the benefit of designated persons or entities; entities owned or controlled, directly or indirectly, by the designated persons or entities; and persons and entities acting on behalf of or on the instructions of designated persons or entities, unless otherwise licensed, authorized or notified, in accordance with applicable Security Council Resolutions (Article 25 of Decree 23-074/PR).

Criterion 6.5 d The Comorian system gives the FIU the prerogatives to notify, "by any means leaving a written trace", the lists of designations under the TFS related to TF, to those subject to the financial sector and to the DNFBPs as soon as these measures intervene (art. 26 of Decree 23-074/PR), and to provide, in connection with the BCC and other competent regulatory or supervisory authorities, clear guidelines for these entities as to their obligations in the framework of freezing mechanisms (art. 27 of Decree 23-074/PR). However, as the mechanism for disseminating sanctions lists to subject persons is not specified, it is not clear that this is done without delay. Also, although planned, the relevant guidelines have not been issued.

Criterion 6.5 e Financial Institutions and DNFBPs are required to declare to the FIU Director all assets frozen by them, and the measures taken in accordance with the prohibitions of the relevant UNSCRs, including attempted operations (art. 28 of the Decree 23-074/PR).

Criterion 6.5 f The Comorian legal system provides for the protection of third parties in good faith (competent authorities, FIs and DNFBPs) when they implement their TFS obligations related to TF (art. 8, last paragraph of AML/CFT Law 21-004/AU and Articles 29 and 30 of Decree 23-074/PR).

Delisting, release and access to frozen funds and other assets

Criterion 6.6 a, b, c, d, e, f and g

Criterion 6.6 a The Comorian legal framework provides procedures for submitting Requests for delisting to the relevant United Nations Sanctions Committee when persons and entities designated under the United Nations sanctions regimes, in the opinion of the countries, do not or no longer meet the designation criteria, in accordance with the procedures adopted by Committee 1267/1989 or Committee 1988 (Article 39 of Decree 23-074/PR).

Criterion 6.6 b The Comorian legal system provides for the possibility for the Minister of finance to rule on requests for delisting and release of frozen funds under UNSCR 1373, when the designation decision does not result from a Request from a third country (Article 36 para. 3 of Decree 23-074/PR). The Request for deregistration and release of funds is addressed to the Director of the FIU who transmits it to the Technical Advisory Commission which examines it and gives a reasoned opinion to the Minister of Finance who makes his decision within a maximum period of one month (Article 36 of Decree 23-074/PR).

Criterion 6.6 c The Comorian legal system provides for an opportunity for persons or entities subject to designation under UNSCR 1373 to have designation decisions reviewed by the courts competent in administrative matters, prior to any appeal free of charge to the Minister of Finance (Article 39 para. 2 of Decree 23-074/PR).

Criterion 6.6 d The Comorian legal system stipulates that when the challenge concerns a freezing decision taken pursuant to a UNSCR, it must comply with the appropriate procedure provided for in the relevant Security Council Resolutions (art. 39 paragraph 3 of Decree 23-074/PR). Wide dissemination of the said procedures, without further clarification, is provided under the responsibility of the Minister of finance (art. 39 in fine). However, the publication of the said procedures including the lines guidelines and procedures passed by the 1988 Committee and the direct referral mechanism to the Focal Point established in accordance with UNSCR 1730 is neither specified nor effective.

Criterion 6.6 e- The Comorian legal system provides for the possibility of directly submitting a Request for removal from the Al-Qaeda sanctions list to the Office of the UN Ombudsman in accordance with UNSCR 1904, 1989 and 2083 (Article 39). paragraph 1 of Decree 23-074/PR). However, clear mechanisms have not been defined to inform designated persons and entities of this possibility of direct referral.

Criterion 6.6 f The Comorian system provides that assets, funds and other economic and financial resources mistakenly frozen may be unfrozen after verification (Article 42 of Decree 23-074/PR), without further clarification. However, procedures have not been clearly defined, let alone published, to allow persons bearing the same name as a designated person and whose assets and other resources are frozen as a result of this error, to Request the unfreezing of said assets and resources.

Criterion 6.6 g Decisions to remove from the sanctions lists and the unfreezing of assets, funds and other economic and financial resources of designated persons and entities are notified without delay to those subject to the financial sector and the non-financial sector as soon as that they intervene and be published in the Official Gazette (art. 40 of Decree 23-074/PR). However, these reporting entities have not received guidelines to help them implement their obligations regarding delisting and unfreezing.

Criterion 6.7

The Comorian system provides for procedures to authorize access to funds and other assets frozen under UNSCR 1267, considered necessary to meet basic needs, the payment of certain extraordinary charges and extraordinary service charges or expenses in accordance with the procedures of UNSCR 1452. However, such procedures are not

provided for authorizing access to funds and other assets frozen under UNSCR 1373.

Weighting and conclusion

Decree 23-074/PR of 25th July 2023 designates the Minister of Finance as the competent authority in matters of administrative freezing and in this regard, he is in charge of making proposals for the designation of persons or entities to the 1267 Committees /1989 and 1988 of the United Nations Security Council. It also designates persons or entities on the national list under UNSCR 1373 and immediately takes the freezing decision relating thereto by Order. However, the intervention of the Director of the FIU through a freezing decision the nature and modalities of which have not been specified, implies that the TFS issued under UNSCR 1267 and subsequent ones cannot be implemented without delay.

Also, the mechanism for disseminating the sanctions lists to those subject to it is not specified, it is not clear that this is done without delay, and the terms of publication of the procedures for delisting and releasing funds and other resources economic and financial aspects of the designated persons and entities are neither clearly defined nor effective. It should also be noted the lack of guidelines for reporting entities to help them implement all their obligations in terms of TFS and procedures for requesting access to funds and other economic and financial resources of persons and entities. designated under UNSCR 1373.

The Comorian AML/CFT/PF system presents moderate deficiencies with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Partially Compliant on Recommendation 6.

Recommendation 7 - Targeted Financial Sanctions Related to Proliferation

This is a new Recommendation that was not assessed during the previous mutual evaluation of the Union of the Comoros.

Criterion 7.1

The Comorian legal system designates the Director of the Financial Intelligence Service (FIU) as the authority in charge of taking, "by any act leaving a written trace, without delay and without prior notification", the decision to freeze funds and other economic and financial resources of persons or entities designated under TFS under UNSCR 1718, 2231 and subsequent ones relating to the fight against proliferation financing (Article 18 of Decree 23-074/PR). However, the intervention of the Director of the FIU through a freezing decision the nature and modalities of which have not been specified, implies that the TFS issued under UNSCR 1267 and subsequent ones cannot be implemented without delay.

Criterion 7.2 a, b, c, d, e and f

Criterion 7.2 a -- The Comorian legal system requires financial institutions and DNFBPs, as well as any other natural or legal person located in the territory, to freeze without delay and without prior notification, all funds of the persons and entities designated in title of the TFS related to PF (Articles 2 and 22 of Decree 23-074/PR).

Criterion 7.2 b In the Comorian legal system, the freezing obligation extends to all funds or assets likely to be frozen in accordance with the requirements of the FATF (Art. 23 of Decree 23-074/PR).

Criterion 7.2 c The Comorian legal system prohibits any Comorian national or any natural or legal person established in the national territory from remitting funds, resources and other services for the benefit of designated persons or entities unless licensed, authorized or notified contrary in accordance with the relevant Security Council Resolutions (Article 25 of Decree 23-074/PR).

Criterion 7.2 d – The Comorian system gives the FIU the prerogatives to notify, “by any means leaving a written trace”, the lists of designations under the TFS related to PF, to reporting entities in the financial sector and DNFBPs as soon as these measures are implemented (Art. 26 of Decree 23-074/PR), and to provide, in connection with the BCC and other competent regulatory or supervisory authorities, clear guidelines for these entities as to their obligations in the framework of freezing mechanisms (art. 27 of Decree 23-074/PR). However, as the mechanism for disseminating to reporting entities is not specified, it is not clear that this is done without delay. Also, although planned, the relevant guidelines have not been issued.

Criterion 7.2 e All persons and entities in charge of implementing freezing measures, in particular Financial Institutions and DNFBPs, are required to declare to the FIU Director all assets frozen by them and the measures taken in accordance with the prohibitions relevant UNSCRs, including attempted operations (art. 28 of Decree 23-074/PR).

Criterion 7.2 f The Comorian legal system provides for the protection of third parties in good faith (competent authorities, FIs and DNFBPs) when they implement their TFS obligations related to PF (Art. 8, last paragraph. of AML/CFT Law 21-004/AU and Articles 29 and 30 of Decree 23-074/PR).

Criterion 7.3

Measures have been taken in the Union of the Comoros to monitor financial sector reporting entities and ensure the implementation of their TFS obligations. Where deficiencies are observed in the implementation of the TFS related to PF, the reporting entities, all categories combined, are liable to criminal sanctions and a range of administrative and disciplinary sanctions aligned with the said deficiencies (art. 43 of Law 12- 008/AU relating to AML/CFT, Article 99 of AML/CFT Law 21-004/AU and Articles 48 to 52 of Decree 23-074/PR). However, as their supervisory authorities have not been designated, supervisory measures are not taken to ensure that those subject to the non-financial sector (NFBP) and the insurance sector implement their TFS obligations related to PF.

Criterion 7.4 a, b, c and d

The Comorian legal framework does not specifically provide procedures for submitting requests for delisting to the relevant United Nations Sanctions Committee when persons and entities designated under the United Nations sanctions regimes, in the opinion of the country, do not or no longer meet the criteria for designation under TFS related to PF, consistent with UNSCR 1730.

Criterion 7.4 a - The Comorian system provides for the extensive dissemination of procedures for direct referral to the Focal Point established in accordance with UNSCR 1730 by the Minister of Finance Art. 39 *in fine* of Decree 23-074/PR. However, no other legal provision provides for direct referral to the Focal Point and the publication of the relevant procedures and guidelines is not effective enough to inform the public of this possibility.

Criterion 7.4 b. The Comorian system provides that assets, funds and other economic and financial resources frozen by mistake can be unfrozen after verification (Article 42 of Decree 23-074/PR), without further clarification. However, procedures have not been clearly defined, let alone published, to allow persons bearing the same name as a designated person and whose assets and other resources are frozen as a result of this error, to request for the unfreezing of the said assets and resources.

Criterion 7.4 c There is no procedure in the Union of the Comoros for requesting access to frozen funds in accordance with the exemptions provided for under UNSCR 1718/2231.

Criterion 7.4 d Decisions to remove from the sanctions lists and the unfreezing of assets, funds and other economic and financial resources of designated persons and entities are notified without delay to those subject to the financial sector and the non-financial sector as soon as that they intervene and be published in the Official Gazette (art. 40 of Decree 23-074/PR). However, these reporting entities have not received guidelines to help them implement their obligations regarding delisting and unfreezing under the TFS related to PF.

Criterion 7.5a and b

Criterion 7.5 a - Comorian legislation does not provide for the addition to frozen accounts of interest, other income due on these accounts or payments due under contracts, agreements or obligations arising before the date on which these accounts were submitted with the provisions of Resolutions 1718 or 2231 and subsequent ones.

Criterion 7.5 b The Comorian system provides for the possibility of making withdrawals from frozen accounts, for the payment of funds and resources due, under contracts, agreements or obligations concluded or born prior to the entry into force of the freezing decision, provided that these funds and resources do not fall within the scope of the exemption prohibitions provided for by the relevant UNSCRs (Article 46 of Decree 23-074/PR).

Weighting and conclusion

Decree 23-074/PR of 25th July 2023 designates the Minister of Finance as the competent authority in charge of administrative freezing. However, it is the Director of the Financial Intelligence Service, under the provisions of the same Decree, who is in charge of taking, "by any means leaving a written trace" decisions to freeze funds and other economic and financial resources of persons and entities designated under TFS related to PF. However, the intervention of the Director of the FIU through a freezing decision the nature and modalities of which have not been specified, implies that the TFS issued under UNSCR 1267 and subsequent ones cannot be implemented without delay.

Also, the mechanism for disseminating the sanctions lists to those subject to it is not specified, it is not clear that this is done without delay and the terms of publication of the procedures for delisting and releasing funds and other economic resources and financial obligations of designated persons and entities are neither clearly defined nor effective. It should also be noted the lack of guidelines for reporting entities to help them implement all their obligations in terms of TFS and procedures for Requesting access to funds and other economic and financial resources of persons and entities designated under UNSCR 1718/2231. There is also no mechanism for crediting frozen accounts with interest and other payments due under agreements or obligations arising prior to the date on which these accounts were subject to the provisions of Resolutions 1718 or 2231 and subsequent ones.

The Comorian AML/CFT/PF system presents moderate deficiencies with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Partially Compliant on Recommendation 7.

Recommendation 8 - Non-profit Organizations

The Union of the Comoros was rated non-Compliant on Recommendation 8 (ex SR. VIII) due to the lack of specific Law/regulation, as well as a monitoring mechanism and risk-based supervision of NPOs to prevent them from being used for terrorist financing purposes. There was also no in-depth study on the risks of misuse of NPOs for TF purposes, talk less of an effective cooperation mechanism among national stakeholders to prevent this misuse and to exchange relevant information with foreign countries. Since its previous evaluation, the Union of the Comoros has passed a regulatory text to supervise and monitor the activities of NPOs on the national territory. This is Decree 20-101/PR of 30th July, 2020.

Adopting a Risk-based Approach

Criterion 8.1

Criterion 8.1 a.

Law No. 86-006/AF of 30th May 1986 on the association contract regulates the system of recognition of associations whose objective is not profit sharing, as well as their requirements for creation. It is supplemented by Decree No. 20-101/PR governing the terms of approval and intervention of non-governmental organizations (NGOs), excluding foundations which are nevertheless considered NPOs within the meaning of the FATF. The Union of the Comoros has, however, not conducted a specific assessment of the NPO sector to examine the relevance of its Laws and

regulations relating to entities that can be misused for TF purposes, including NPOs, nor identify the sub-categories most exposed to misuse for terrorist financing purposes. No legal text provides for this obligation.

Criterion 8.1 b. - The Union of the Comoros has therefore not identified the nature of the threats posed by terrorist entities to NPOs which present risks, talk less of how terrorist entities misuse them.

Criterion 8.1 c The Union of the Comoros has also not taken specific relevant and proportionate measures to address the risks to which NPOs would be exposed in terms of terrorist financing.

Criterion 8.1 d. - The lack of a specific and in-depth assessment of the NPO sector means that there is not yet a possibility of reassessing new information relating to the potential vulnerabilities of NPOs in the face of threats from terrorist entities.

Continued sensitization on terrorist financing-related issues

Criterion 8.2 a, b, c and d

Criterion 8.2 a Measures likely to promote the responsibility and integrity of NPOs and strengthen public confidence in their management and functioning have been taken by the Union of the Comoros. These include:

- a. The requirements for issuance of licenses to NGOs (art. 5 to 12 of Decree no. 20-101/PR of 30th July, 2020);
- b. The establishment of an Inter-ministerial committee in charge of the supervising, monitoring and assessing NGOs (art. 12 of Decree No. 20-101/PR of 30th July, 2020);
- c. The obligation to observe prudential rules for licensed NGOs (Art. 78 of AML/CFT Law No. 21-004/AU);
- d. Monitoring their financing and the origin of their funds (Art. 31 of Decree no. 20-101/PR of 30th July, 2020).

Criterion 8.2 b- The competent Comorian authorities have not conducted sensitization campaigns for NPOs and the originator community in order to encourage them to deepen their knowledge on the potential vulnerabilities of the sector in the face of the risks of terrorist financing and the protective measures to be taken.

Criterion 8.2 c The Comorian authorities are not working with NPOs to help them better respond to the TF risks and vulnerabilities to which they are exposed by category, by using best practices to protect themselves against threats of being misused for TF purposes.

Criterion 8.2 d - There were also no specific sensitization sessions aimed at encouraging NPOs to use regular financial circuits to conduct their operations.

Risk-based Targeted Monitoring or Supervision of NPOs

Criterion 8.3

The Comorian regulatory system governing the NPO sector has not established any risk-based supervision of TF (see analysis of criteria 8.1 and 8.2). Supervision and monitoring measures for NPOs are however provided for (art. 15 of AML/CFT Law no. 12-008/AU, art. 25 et seq. of Decree 20-101/PR).

Criterion 8.4a and b -

Criterion 8.4a - The Union of the Comoros has not designated an authority in charge of monitoring and controlling the implementation of NPOs' AML/CFT obligations with a risk-based approach.

Criterion 8.4 b. Criminal and administrative sanctions are provided for violations of which NPOs are guilty (art. 38 of AML/CFT Law No. 12-008/AU, art. 33 to 36 of Decree no. °20-101/PR, arts. 5 and 6 of Law no. 86-006/AF of 30th May 1986 relating to the association contract). However, without a designated authority for the supervision and monitoring of NPOs, particularly based on the TF risk, the sanctions provided for cannot be effectively meted out.

Effective Investigations and Information Gathering

Criterion 8.5 a, b, c and d-

Criterion 8.5 a There is no effective national cooperation and coordination mechanism to gather relevant information on the misuse of NPOs for TF purposes. The Technical Committee established by Decree, and which could play this role is not functional (see analysis c.2.3).

Criterion 8.5 b. - The Union of the Comoros does not have adequate investigative skills and capacity to investigate NPOs suspected of being misused for TF purposes or by terrorist organizations, or of actively supporting terrorist activities or organizations.

Criterion 8.5c NPOs are required to submit to the competent authorities for audit purposes, all records of their funding and the origin of their funds, and to prepare a technical and financial report at the end of each program (Art. 25 to 32 of Decree 2020-101/PR). In this regard, State departments can access relevant information held by NPOs without professional secrecy being invoked against them (Art. 31 of Decree 2020-101/PR).

Criterion 8.5 d - There is no appropriate mechanism to inform the competent authorities without delay of TF-related facts involving any NPO.

Effective capacity to respond to foreign requests relating to a suspicious NPO

Criterion 8.6

The Union of the Comoros has not designated points of contact or defined appropriate procedures to respond to international information requests concerning any NPO suspected of terrorist financing or supporting it by any other means. The FIU can exchange such information with its counterparts. However, the lack of appropriate contact points and procedures limits the scope of its capacity to provide relevant information on NPOs to foreign inquiries.

Weighting and conclusion

The legal framework of the Union of the Comoros does not enshrine the risk-based approach to the regulation and supervision of NPOs, to ensure that they are not misused for TF purposes. Furthermore, it does not define the obligation, procedure and frequency of identification/review of risks and vulnerabilities in the NPO sector. Besides, there is no designated monitoring and supervisory authority for NPOs that can implement sanctions, particularly in AML/CFT. There is no mechanism for timely reporting of TF-related facts involving NPOs, nor a national cooperation mechanism for the exchange of relevant information among national stakeholders and with foreign countries. The Comorian AML/CFT/PF system presents major deficiencies with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Non-Compliant on Recommendation 8,

Recommendation 9 - Professional Secrecy Laws for Financial Institutions

The Union of the Comoros was rated non-Compliant on Recommendation 9 (ex rec.4) in 2009. This rating was justified by the lack of provisions ensuring that banking secrecy does not hinder the exchange of information and documents between national competent authorities and financial institutions.

Criterion 9.1 –

FIs cannot invoke professional secrecy to refuse to provide information to the supervisory authorities, the FIU as well as Judicial Authorities acting within the framework of AML/CFT (art. 34 of AML/CFT Law n°12-008/ AU). More specifically, credit institutions and financial intermediaries cannot invoke professional secrecy either against the Central Bank in the exercise of its mandate of monitoring the financial system, or against the Legal authority acting within the framework of criminal proceedings (Art. 17 of Banking Act N°13-003/AU of 12th June 2013).

Furthermore, the country has mechanisms for exchanging information among competent authorities at domestic and international levels as well as for information sharing, including with their foreign counterparts, among FIs.

Indeed, the FIU can exchange without delay and use any relevant information emanating from the Judicial and supervisory authorities, including the Central Bank and the various public State Departments, if necessary (art. 3, para. 2, 4th indent of Decree No. 20-145/PR).

In addition, the BCC may call upon other Central Banks or other control bodies, as part of its inspection missions and transmit information to the authorities in charge of the supervision of financial institutions in other countries (art. 34, indents 1 and 3 of the Banking Act).

Weighting and conclusion

The Comorian legal system presents no gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Compliant on Recommendation 9.

Recommendation 10 – Customer Due Diligence

In 2009, the Union of the Comoros was rated non-Compliant on Recommendation 10 (ex R. 5), due to the following deficiencies:

- Lack of preventive measures specifically concerning insurance companies;
- Lack of provisions relating to the operation of anonymous accounts in accordance with the FATF Recommendations;
- Lack of obligations relating to updating customer information;
- Difficulty in identifying natural and legal persons due to the unreliable nature of the civil status and business register;
- Lack of limits to the implementation of simplified measures, particularly for customers residing in foreign countries and in cases of suspicion of ML/TF;
- Lack of due diligence after entering into a business relationship;
- Lack of due diligence measures with regard to existing customers holding anonymous accounts.

The enactment of Law No. 12-008/AU and Law No. 21-004/AU provided an opportunity for The Union of the Comoros to significantly address these gaps.

Criterion 10.1 -

AML/CFT Law No. 12-008/AU prohibits FIs from opening anonymous accounts or accounts under obviously fictitious names (Art. 8, para. 7, 1st indent). This obligation is also reaffirmed under Law No. 21-004/AU relating to the fight against terrorism, its financing and the repression of money laundering (art. 84, 1st indent).

Implementation of Customer Due Diligence

Criterion 10.2.a, b, c, d and e

Criterion 10.2.a – FIs are required to take due diligence measures with regard to their customers when they establish business relationships (art. 8, paragraph 7, 3rd indent of Law No. 12 -008/AU of AML/CFT).

Criterion 10.2.b The same applies when they conduct occasional transactions involving individual amounts or, if they are linked transactions, the cumulative amount reaches the threshold established by an Order of the Minister of Finance (art. 8, paragraph 7, 3rd indent of AML/CFT Law No. 12-008/AU). However, the Order establishing this

threshold is yet to be issued by the Comorian authorities.

Criterion 10.2.c FIs are required to observe customer due diligence measures when they conduct occasional transactions in the form of wire transfers (art. 8, paragraph 7, 3rd indent of the AML/CFT Law No. 12-008/AU). These due diligence measures are also applied in the circumstances covered by Recommendation 16 and its interpretive note as provided for in the guidelines of the Central Bank of the Union of the Comoros on national and cross-border wire transfers dated 30th October 2019.

Criterion 10.2.d FIs are required to implement customer due diligence measures if there is a suspicion of ML/TF (art. 8, paragraph 7, 3rd indent of AML/CFT Law no. ° 12-008/AU).

Criterion 10.2.e FIs are required to implement customer due diligence measures if they have doubts about the veracity or relevance of customer identification data previously obtained (art. 8, paragraph 7, 3rd indent of AML/CFT Law No. 12-008/AU).

Due diligence measures required for all customers

Criterion 10.3

FIs are required to identify the customer (whether permanent or occasional, and whether a natural or legal person) and to verify their identity using documents, data or information from sources reliable and independent (art. 8, al 1, 3, 4, 5 and 8.1 of AML/CFT Law No. 12-008/AU). However, this obligation does not apply to legal arrangements.

Criterion 10.4 -

FIs are required to verify whether people claiming to act on behalf of their customers are authorized to do so. They are also required to identify and verify the identity of such people (art. 8, paragraph 6 of AML/CFT Law No. 12-008/AU).

Criterion 10.5 -

FIs are required to identify the beneficial owner and take reasonable steps to verify their identity using relevant information or data obtained from a reliable source (art. 8, para 8. 1. and 8.3 of AML/CFT Law No. 12-008/AU).

Criterion 10.6

FIs are required to obtain information on the purpose and nature of the business relationship (art. 8, al 8. 2. Of AML/CFT Law No. 12-008/AU). However, this Law does not explicitly mention the obligation relating to understanding the purpose and nature of the business relationship.

Criterion 10.7a and b

Criterion 10.7.a FIs are required to exercise constant due diligence with regard to the business relationship and carefully review all transactions conducted throughout the duration of this business relationship, in order to ensure that the transactions conducted are consistent with the knowledge of their customers and business activities and risk profile of these customers, which includes, where applicable, the origin of the funds (art. 8, para. 8.5 of the AML/CFT Law No. 12-008/AU).

Criterion 10.7.b Law No. 12-008/AU requires FIs to keep information on customers and beneficial owners up to date and accessible without delay (art. 8, al 8. 6.). However, it does not specify that this information, documents or records obtained in the exercise of the due diligence also are relevant, in particular for categories of Higher-risk customers.

Criterion 10.8

FIs are required to understand the ownership and control structure of the customer legal person or legal arrangement (Art. 8, indent 3 of AML/CFT Law No. 12-008/AU). However, this obligation does not cover the nature of their activities.

Criterion 10.9.a, b and c -

Criterion 10.9 a For customers who are legal persons, FIs are required to identify and verify their identity by producing the original or certified copy of any document establishing that it has been legally registered and that it has a real

existence at the time of identification: extract from the business register, identity documents of the directors and any other document, a copy of which is taken (art. 8, para. 3 of AML/CFT Law no. 12-008/AU). The AML/CFT Law No. 21-004 also includes similar provisions relating to the identification of legal persons and legal arrangements by FIs (art. 84, para.2, 2nd indent).

Criterion 10.9 b For customers that are legal persons or legal arrangements, FIs are required to identify the powers governing and binding them as well as the names of the relevant persons occupying management positions within them through all official documents or other documents from independent and reliable sources (art. 84, para.2, 2nd indent of AML/CFT Law No. 21-004).

Criterion 10.9 c FIs are required to identify the address of the head office and, if several, one of the main places of activity (Art. 8, para. 3 of AML/CFT Law No. 12 -008/AU, art. 84, para.2, 2ND indent of AML/CFT Law no. 21-004).

Criterion 10.10.a, b and c

Criterion 10.10 a FIs are required to identify the natural person(s) who ultimately holds a controlling interest in a legal person (art. 8, para. 8, indent 1 of AML/CFT Law no. 12-008/AU). FIs are also required to take all reasonable steps to verify the identity of the beneficial owner of transactions of legal persons and legal arrangements. To do this, they must understand the structure and ownership of such customers (art. 8, para. 8, indent 3 of AML/CFT Law No. 12-008/AU).

Criterion 10.10 b FIs are not required to verify, by other means, the identity of the natural person(s), if they exist, exercising the control of the legal person, where there is doubt as to whether the person(s) with a controlling interest is the beneficial owner(s), or where no natural person exercises control through shareholding.

Criterion 10.10 c No provision is made to verify the identity of the beneficial owners of legal person customers using information relating to the identity of the relevant natural person who occupies the position of Managing Director, where no natural person is identified in the context of implementing indents (a) or (b) above.

Criterion 10.11a and b -

Criterion 10.11 a For customers that are legal arrangements, FIs are required to identify the identity of the settlor of the trust, the trustee(s), the protector (if applicable), the beneficiaries and any other person ultimately exercising effective control over the trust (art. 8, para. 8, indent 1 and para.3 of AML/CFT Law no. 12-008/AU).

Criterion 10.11 b For other types of legal arrangements, FIs are required to know the identity of the managers, beneficial owners and any other natural person ultimately exercising effective control over the type of legal arrangements (art. 8, para. 8, point 1 et para.3 of AML/CFT Law No. 12-008/AU).

Criterion 10.12.a, b and c

Criterion 10.12 a. For the beneficiaries of life insurance contracts and other investment products associated with insurance who are natural or legal persons or legal arrangements identified by name, the reporting entities in the insurance sector are required to include in life insurance policies the statements provided for in the Law of 13th July 1930 relating to insurance contracts (Art. 9 and 60):

- a. The surname, first names and date of birth of the person or persons on whose behalf the transaction is being carried out;
- b. The surname and first names of the beneficiary, if known;
- c. The event or terms based on which the insured amounts are paid;
- d. The conditions for reduction if the contract implies acceptance of the reduction.

Criterion 10.12 b For beneficiaries designated by characteristics or by category or by other means, FIs are not required to obtain sufficient information about the beneficiaries to be certain that they can establish their identity when

benefits are paid.

Criterion 10.12 c- In the two cases mentioned above, verification of the identity of the beneficiaries is made before payment of the benefits (art. 63 para. 3 to 5 of the Law of 13th July 1930 relating to the insurance contract).

Criterion 10.13-

There is no legal provision to meet this criterion.

Criterion 10.14. -

Criterion 10.14 FIs are required to verify the identity of the customer and the beneficial owner before establishing a business relationship or carrying out transactions in the case of occasional customers (art. 8, paragraph 1 of AML/CFT Law No. 12-008/AU). They are not allowed to complete the verification after the business relationship has been established.

Criterion 10.15

The Comorian legislation does not authorize the establishment of any business relationship prior to a comprehensive verification.

Criterion 10.16

FIs are required to implement customer due diligence measures to existing customers, depending on the importance of the risks they represent. They are also required to implement due diligence measures relating to these existing relationships without delay, taking into account the existence of previous customer due diligence measures (Art. 8, para. 13 of AML/CFT Law No. 12-008/AU).

Criterion 10.17

FIs are required to implement enhanced due diligence measures when ML/TF risks are higher (Art. 8, para. 10 of AML/CFT Law No. 12-008/AU).

Criterion 10.18 –

FIs are authorized to implement reduced or simplified due diligence measures when lower risks are identified in specific circumstances (art. 8 para. 10 of AML/CFT Law No. 12-008/AU). FIs are also not authorized to implement simplified measures, as long as there is suspicion of ML/TF on a customer, a product and/or an activity, following risk assessments (Art. 3 of Regulatory Decision No. 12-2023/BCC/DSBR).

Criterion 10.19a and b -

Criterion 10.19 a. Where FIs cannot comply with the obligations relating to due diligence measures, they are required not to open any account, not to establish a business relationship, not to carry out any transaction or terminate the business relationship (Art. 8, para. 11 of AML/CFT Law no. 12-008/AU).

Criterion 10.19 b. Where FIs cannot comply with the obligations relating to due diligence measures, they are required to make a suspicious transaction report (STR) concerning the customer (Art. 8, para. 11 of AML/CFT Law No. 12-008/AU).

Criterion 10.20

No provision in the AML/CFT legal framework provides for the possibility for FIs not to fulfil their customer due diligence and instead file an STR, when they think that they would alert the customer, by carrying out this procedure, in cases where they suspect that a transaction is ML/TF-related.

Weighting and conclusion

The enactment of AML/CFT Laws n°12-008/AU of AML/CFT and AML/CFT Law 21-004/AU enabled The Union of the

Comoros to meet the requirements of the standards on customer due diligence. On the other hand, the legal system is deficient in the obligation to understand the object and nature of the business relationship as well as the nature of the customer's activities, legal person and legal structure. It also does not require FIs to ensure that documents, data or information obtained in the exercise of the customer due diligence remain up to date and relevant. There are also significant deficiencies regarding the verification of the identity of natural persons exercising control over legal persons. The same applies to the identity of the beneficial owners of legal person customers. FIs do not have the option of not exercising customer due diligence duties and filing STRs in cases of suspicious ML or TF activity. The AML/CFT/PF legal system presents moderate gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Partially Compliant on Recommendation 10.

Recommendation 11 – Record Keeping

The Union of the Comoros was rated non-Compliant on Recommendation 11 (ex rec. 10) in 2009, due to:

- The lack of obligation to keep records for 5 years after the completion of the transactions;
- The lack of obligations to keep records relating to business relationships or closed accounts;
- The non-implementation of the provisions relating to record keeping for insurance companies.

With the passage of the AML/CFT Law No.008/AU and AML/CFT Law No. 21-004/AU, the Union of the Comoros has strengthened its legal system and significantly addressed the deficiencies thus identified.

Criterion 11.1 -

FIs are required to keep, for a period of at least five (05) years after the execution of the operation, all records and documents relating to the transactions conducted (art. 12 para. 1 of Law no. 12-008 /AU of AML/CFT). This record-keeping period is extended to ten (10) years by the provisions of AML/CFT Law No. 21-004/AU (art. 88).

Criterion 11.2

FIs are required to keep, for a period of at least five (05) years from the closing of accounts or the cessation of business relationships with their usual or occasional customers, all records and documents relating to the identity of the customer's account books and business correspondence after the execution of the transaction, including the results of any analysis conducted (art. 12 para. 2 of AML/CFT Law No. 12-008/AU). This record-keeping period is extended to ten (10) years by the provisions of AML/CFT Law No. 21-004/AU (Art. 88).

Criterion 11.3

FIs are required to ensure that all records and documents relating to transactions are sufficient to allow the reconstruction of individual transactions in order to provide, where necessary, evidence during criminal proceedings (Art.13 para.1 of AML/CFT Law n °12-008/AU).

Criterion 11.4 –

. FIs are required to ensure that all information obtained in the implementation of customer due diligence measures and records relating to transactions are promptly made available to the competent authorities, where the latter have the power to do so (AML/CFT Law No. 12 -008/AU, Art. 12 para.1).

Weighting and conclusion

The Comorian legal system has been strengthened with regard to record-keeping obligations, the nature of said

records, how long they should be kept and their accessibility in the context of AML/CFT investigations. It no longer presents any gaps with respect to the requirements of this Recommendation.

The Union of the Comoros is rated Compliant on Recommendation 11.

Recommendation 12 - Politically Exposed Persons

In its previous evaluation, the Union of the Comoros was rated non-Compliant on Recommendation 12 (ex rec. 6). This rating was justified by (i) the non-implementation of the provisions relating to politically exposed persons (PEPs) for insurance companies, (ii) the lack of obligation to obtain authorization from senior management in order to be able to continue a business relationship with an existing customer who subsequently becomes a PEP and (iii) the lack of a clear definition of PEP. The enhancement of the Comorian legal system has resolved some of the aspects of these deficiencies.

Criterion 12.1

Criterion 12.1 a FIs are required to put in place adequate risk management systems in order to determine whether the customer or the beneficial owner is a PEP (art.86 para.1 3rd bullet point of law n°21-004/AU de CT /TF/ML f

Criterion 12.1 b FIs must obtain authorization from senior management in order to establish (or continue, if it is an existing customer) business relationships with PEPs (Art.8 paragraph 13 b of AML/CFT Law No. 12-008/AU).

Criterion 12.1 c FIs are required to take all reasonable measures to identify the origin of the assets and the origin of all funds of the PEP (Art.8 para. 13c of Law n°12-008/AU of AML/CFT). The relevant provisions on beneficial owners identified as PEP and the relevant due diligence measures are supplemented by AML/CFT Law No. 21-004/AU (art. 86 paragraph 1, 3rd indent).

Criterion 12.1 d FIs are required to ensure enhanced and continuous monitoring of the business relationship with PEPs (art.8 para. 13 c of AML/CFT Law no. 12-008/AU).

Criterion 12.2 -

Criterion 12.2 a FIs must implement adequate and adapted procedures, depending on the risk, to determine whether the customer or the beneficial owner is a PEP (art art.86 al. 1, 3^ebullet point of the AML/CFT law n°21-004/AU).). This requirement is also provided for by AML/CFT Law No. 21-004/AU (art. 86, para. 1, 3rd indent).

Criterion 12.2 b. FIs must implement, for higher-risk business relationships with or on behalf of national PEPs or PEPs of international organizations, all the measures referred to in the AML/CFT Law n°12-008/AU (Art. 8, para. 13b and d) and AML/CFT n°21-004/AU (Art. 86 para.1, 3rd indent).

Criterion 12.3 –

FIs are required to apply to family members of all types of PEP and to persons closely associated with them the relevant obligations of criteria 12.1 and 12.2 (Art. 8 of Regulatory Decision No. 12/2023/BCC/ DSBR)

Criterion 12.4 –

FIs are required to take reasonable steps to determine whether the beneficiary(ies) of a life insurance policy is a PEP, latest at the time of payment of the funds. Furthermore, where higher risks are identified, they must inform senior management before paying the funds. They also conduct an enhanced review of the entire business relationship with the contract holder and consider filing a suspicious transaction report (Art. 11 of Regulatory Decision No. 12/2023/BCC/DSBR)

Weighting and conclusion

The legal system of the Comoros presents no gaps in relation to the requirements of this Recommendation.

The Union of the Comoros is rated Compliant on Recommendation 12.

Recommendation 13 – Correspondent Banking

The Union of the Comoros was rated largely Compliant on Recommendation 13 (ex R.7) in 2009, due to the lack of provision to ensure the relevance and effectiveness of the controls put in place by the customer institution in correspondent banking relationships. However, with Law No. 12-008/AU, FIs are now required to take a certain number of measures relating to their correspondent banking relationships.

Criterion 13.1 –

Criterion 13.1 a FIs are required to gather sufficient information about the foreign correspondent in order to fully understand the nature of its activities and to assess, based on available sources of information, its reputation and quality of control of which it is the object. This implies knowing whether the correspondent has been the subject of any investigation or measures by a supervisory authority in ML/TF (art. 10, para. 1a of AML/CFT Law no. 12-008/AU and art. 87, first indent of Law n°21-004/AU).

Criterion 13.1 b FIs are required to assess the controls put in place by the customer institution to combat ML/TF (art. 10, para. 1 b of AML/CFT Law No. 12-008/AU).

Criterion 13.1 c FIs are required to request authorization from senior management before entering into new correspondence relationships (art. 10, para. 1 c of AML/CFT Law no. 12-008/AU).

Criterion 13.1 d FIs are required to clearly understand the respective responsibilities of each institution (art. 10, para. 1 d of AML/CFT Law no. 12-008/AU).

Criterion 13.2 –

Criterion 13.2 a FIs are required to ensure that the correspondent has applied due diligence measures to customers with direct access to the “transit” accounts of the correspondent bank (art. 10, para. 1 e of AML/CFT Law No. 12-008/AU).

Criterion 13.2 b FIs must be able to provide relevant information on current accounts on request from the correspondent bank (art. 10, para. 1 e of AML/CFT Law no. 12-008/AU).

Criterion 13.3

FIs are strictly prohibited from establishing or continuing a correspondent banking relationship with shell banks. They must also ensure that correspondents do not authorize shell banks to use their accounts (art. 7, para. 2 *in fine* of AML/CFT Law no. 12-008/AU).

Weighting and conclusion

The Comorian AML/CFT regime presents no gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Compliant on Recommendation 13.

Recommendation 14 - Money or Value Transfer Services

The Union of the Comoros was rated Non-Compliant on Recommendation 14 (ex SR. VI) during its previous

evaluation. This rating was justified by the lack of texts governing the requirements for licensing of Money or Value Transfer Services. Many other deficiencies were identified relating to customer due diligence, record keeping, supervision and regulation, maintaining a list of agents, controls and engaging in informal operations. To resolve these deficiencies, the Union of the Comoros passed and enacted Law No. 20-005/AU of 23rd June 2020 on payment services and payment service providers. The Central Bank is now the authority in charge of ensuring Money or Value Transfer Service providers comply with AML/CFT obligations.

Criterion 14.1

No one may, without having been previously licensed by the BCC, conduct payment service activities, including cash payments and withdrawals, transfers, direct debits, fund transfers as well as payments made using any means of electronic payment (art. 6 dash 6, art. 18 and art. 22 indent 2.b of Law no. 13-003/AU regulating the activities of financial institutions).

Criterion 14.2

The analysis of the previous criterion underscores that the exercise of MVTs' activity is subject to the LICENSING obligation. The BCC conducts off-site and on-site inspections to ensure compliance with the requisite requirements and may take, without prejudice to applicable criminal sanctions, disciplinary sanctions (art. 26 of Law no. 13-003/AU regulating activities of financial institutions). The informal exercise of MVT activity is liable to a fine of one (01) million to fifty (50) million Comorian francs, or €20,323.23 to €10,616 (art. 77 of Law No. 13 -003/AU regulating the activities of financial institutions). These sanctions are proportionate and dissuasive. However, there are no binding measures obliging the country to identify persons, natural or legal, who provide MVT services without being licensed or registered, in order to implement the sanctions provided for.

Criterion 14.3

MVT service providers and their distribution agents are subject to compliance with the provisions of the AML/CFT Law (art. 20 of Law no. 20-005/AU of June 23, 2020, on payment services and service providers). payment services). The Central Bank ensures that they comply with their AML/CFT obligations (art. 24. 1 of AML/CFT Law No. 12-008/AU).

Criterion 14.4 –

The MVT service provider who uses a distribution agent (MVT service provider agent) submits a standard mandate contract for approval by the BCC, before signature. Any amendment to the standard contract must be submitted to the BCC. A regulation of the BCC sets the requirements to become a distribution agent, the mandatory information in the standard contract as well as the list of information which must be provided (art. 83 para. 2 and 3, art. 88 of the Law No. 20-005/AU on payment services and payment service providers). In addition, the BCC maintains a register of distribution agents which includes the name of the agent(s) and is accessible to the public on its website. The BCC can conduct any inspection on distribution agents.

Criterion 14.5

The MVT service provider who uses a distribution agent is required to incorporate the latter into its AML/CFT training program and to ensure, through periodic controls, that it complies with its relevant obligations (art. 85 of Law no. 20-005/AU on payment services and payment service providers).

Weighting and conclusion

The Union of the Comoros has made significant progress in the legal framework for MVT services. However, there are no binding measures obliging the country to identify natural or legal persons who provide MVT services without being authorized or registered, in order to implement the sanctions provided for. The AML/CFT legal system of the Union of the Comoros presents minor gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Largely Compliant on Recommendation 14.

Recommendation 15 - New Technologies

The Union of the Comoros was rated Partially Compliant on Recommendation 15 (ex rec. 8) during its previous evaluation. The main gap noted was the lack of provisions relating to distance business relationships. The main new features introduced by Recommendation 15 are in the definition of “virtual assets” and “virtual asset service providers”, as well as the conditions under which AML/CFT requirements are applied to them. Although the legal framework of the Union of the Comoros has improved with the enactment of AML/CFT Law No. 12-008/AU of 28th June 2012, Banking Act No. 13-003/AU of 12th June 2013 and Law n°20-005/AU of 23rd June 2020 on Payment Services and Payment Service Providers, most of the requirements of this Recommendation are not met.

New Technologies

Criterion 15.1

FIs are required to identify and assess money laundering or terrorist financing risks that may arise from the development of new products and new business practices, including new distribution mechanisms, and the use new or developing technologies in connection with new products or pre-existing products (Art. 6 para. 1 of Regulatory Decision No. 12-2023/BCC/DSBR). However, this obligation does not weigh on the country.

Criterion 15.2a and b

Criterion 15.2 a FIs are required to assess ML/TF risks before launching or using new products, practices and technologies (Art. 6 para. 2 of Regulatory Decision No. 12/ 2023/BCC/DSBR)

Criterion 15.2 b FIs are required to take appropriate measures to manage and mitigate risks arising from the ML/TF risk assessment prior to the launch or development of any new products, technology and business practice ((Art 6 paragraph 2 of Regulatory Decision No. 12/2023/BCC/DSBR).

Virtual Assets and Virtual Asset Service Providers

Criterion 15.3 a, b and c

Criterion 15.3 a The Union of the Comoros has not identified or assessed the ML/TF risks arising from activities related to VA and VASP (See. criterion 1.1).

Criterion 15.3 b As the Union of the Comoros has not identified or assessed the ML/TF risks arising from activities associated with VA and VASP, there is no implementation of the risk-based approach.

Criterion 15.3 c VASPs are not legally required to take appropriate measures to identify, assess, manage and mitigate their ML/TF risks, in accordance with criteria 1.10 and 1.11.

Criterion 15.4a and b

Criterion 15.4 a The Comorian legal framework does not provide for the licensing or registration of a VASP in the jurisdiction where it was created in the case of a legal person (i), and in the jurisdiction where its establishment is located in the case of a natural person (ii).

Criterion 15.4 b - There is no fit-and-proper control measure to identify beneficial owners holding a significant or controlling interest and a management function in a VASP. Therefore, legally, nothing prevents criminals or their associates from being the beneficial owners.

Criterion 15.5

The Union of the Comoros has not put in place measures to identify natural or legal persons engaged in VASP activities without license, and to mete out appropriate sanctions on them.

Criterion 15.6a and b

Criterion 15.6 a. VASPs are not subject to specific regulations and risk-based supervision or monitoring by a supervisory authority.

Criterion 15.6 b No supervisory authority is explicitly designated to ensure that VASPs comply with their AML/CFT obligations.

Criterion 15.7

The authorities have not developed any guidelines for VASPs to facilitate the implementation of AML/CFT measures.

Criterion 15.8a and b

Criterion 15.8 a The Comorian legal framework does not provide for sanctions applicable to VASPs.

Criterion 15.8 b It also does not provide for sanctions applicable to members of the administrative body and senior management of VASPs.

Criterion 15.9a and b

VASPs are not required to comply with the preventive measures outlined in Rec.10 to R.21.

Criterion 15.10

There is no mechanism for disseminating TFS lists, nor reporting and monitoring obligations for VASPs.

Criterion 15.11

There is no legal provision allowing the Union of the Comoros to provide international cooperation based on Recommendations 37 to 40 with regard to virtual assets in AML/CFT. Furthermore, VASPs are neither regulated nor prohibited. There is no designated supervisory authority for VASPs with a legal basis to exchange VASP information with foreign counterparts.

Weighting and conclusion

The assessment of ML/TF risks related to new products and technologies before their launch and the measures required to manage and mitigate the identified risks are mandatory for FIs. However, the ML/TF risks associated with VAs and VASPs have not been identified to be assessed and understood. In addition, activities related to VAs and VASPs are yet to be regulated in the Union of the Comoros. The country's AML/CFT/PF system presents major gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Non-Compliant on Recommendation 15.

Recommendation 16 - Wire Transfers

The Union of the Comoros was rated non-Compliant on Recommendation 16 (ex SR VII) during its previous evaluation. This rating was justified by the lack of provisions on cross-border transfers conducted in batches, and an obligation to include information on the message which accompanies the transfer. There was also no provision for the processing of transfers that are not accompanied by complete information. Finally, there were no effective measures to monitor compliance with Laws and regulations by financial institutions. The provisions of AML/CFT Law No.008/AU as well as the BCC guidelines on national and cross-border wire transfers have improved the Comorian legal system applicable to wire transfers.

Originator's Financial Institutions

Criterion 16.1a and b

The AML/CFT Law No. 12-008/AU indicates the required and accurate information for the originator and beneficiary of the order, for all cross-border or domestic transfers, regardless of the amount (art. 11).

Criterion 16.1 a. With regard to cross-border wire transfers, FIs are required to collect and maintain accurate and crucial information on the originator's name, address and account number when used to conduct the transaction, or a unique transaction reference number to ensure the traceability of the transaction, where there is no account number (Art. 11 of Law No. 12-008 on AML/CFT; Part III, indent B of the BCC guidelines on domestic and cross-border wire transfers).

Criterion 16.1 b. With regard to cross-border wire transfers, they are also required to collect and keep accurate and useful information relating to the name of the beneficiary, his address, his account number when it is used to conduct the transaction or a unique transaction reference number to ensure the traceability of the transaction, where there is no account number (art. 11 of Law No. 12-008 on AML/CFT; Part III, indent B of the BCC guidelines on domestic and cross-border wire transfers).

Criterion 16.2

Cross-border wire transfers from the same originator in batches to beneficiaries must contain the required and accurate information on the originator and complete information on the beneficiary (Art. 11 of Law No. 12-008 of AML/CFT; Part III, indent B of the BCC guidelines on domestic and cross-border wire transfers). As a result, the route of this information could be entirely reconstructed in the receiving country.

Criterion 16.3a and b

The AML/CFT Law No. 12-008/AU does not provide for any threshold for the execution of cross-border wire transfers. However, the threshold is mentioned under indents III-B and III-C of the BCC guidelines of 30th October 2019 on national and cross-border wire transfers. Indeed, following the provisions of indent III.C, cross-border wire transfers not exceeding the threshold of USD/EUR 1000 or equivalent in other currencies include:

- a. The information required about the originator: name of the originator, his account number or a unique transaction reference number;
- b. The required information about the beneficiary: the name of the beneficiary and his account number or a unique transaction reference number.

Criterion 16.4

Verification of the accuracy of the information mentioned in c.16.3 is not necessary, unless there is a suspicion of ML/TF, in which case the institution referred to in indent I of the BCC guidelines may verify the information on its customer. Furthermore, incoming cross-border wire transfers of amounts below the threshold of USD/EUR 1000 must include the required and accurate information on the originator.

Criterion 16.5

FIs are required to ensure that domestic wire transfers contain the required and accurate originator information in paragraph 1 of indent IV of the BCC Guidelines on Domestic and Cross-Border Wire Transfers.

Criterion 16.6

FIs are exempted from requesting from the originator of a national transfer the same information as that of the cross-border wire transfers referred to above, where this information can be made available to the institution of the beneficiary and the authorities involved in other ways. In the latter case, the originator's institution should include the account number or a unique transaction reference number, provided this account number or identifier makes it can be used to reconstruct the course of the transaction up to the originator or beneficiary. However, no legal or regulatory provision provides for a period of 3 working days to transmit the required information to the beneficiary's FI or to the competent authorities, at their request. On the other hand, the criminal prosecutorial authorities have the power to

compel the immediate production of such information based on their legal prerogatives (Part III, Indent A of the BCC guidelines on national and cross-border wire transfers)

Criterion 16.7

FIs are required to keep, for at least five (5) years from the date of the transaction, all the necessary documents relating to the transactions conducted, both national and international, to enable them respond to all Information requests from the competent authorities without delay (art. 12 of AML/CFT Law no. 12-008/AU). These documents must be used to reconstruct individual transactions and provide evidence in cases of criminal prosecution, if necessary.

Criterion 16.8

The originators' FIs are required not to execute domestic or cross-border wire transfers that are not in compliance with the requirements set out in criteria 16.1 to 16.7 (paragraph 4, point IV- of the BCC Guidelines on national and cross-border wire transfers).

Intermediary Financial Institutions

Criterion 16.9

FIs acting as intermediaries in a wire transfer chain must ensure that all originator and beneficiary information accompanying a wire transfer is attached to it (Indent IV, indent A of the BCC guidelines on wire transfers) on national and cross-border wire transfers.

Criterion 16.10 -

Information received from the ordering FI or from another intermediary financial institution must be kept by the FI which receives it for at least five (05) years when technical limitations prevent this. the required originator or beneficiary information contained in a cross-border wire transfer is transmitted with the equivalent domestic wire transfer (Paragraph 2, indent A of IV of the BCC Guidelines on Domestic and Cross-Border Wire Transfers).

Criterion 16.11 –

The intermediary FI is required to take reasonable steps to identify cross-border wire transfers with required originator or beneficiary information missing.

Criterion 16.12

The intermediary FI has an obligation to implement effective risk-based policies and procedures to decide: (i) when to execute, reject or suspend wire transfers that do not include the required originator information or the beneficiary and (ii) appropriate follow-up actions (Paragraph 4, point A of Point IV of the BCC Guidelines on Domestic and Cross-Border Wire Transfers).

Beneficiary's Financial Institutions

Criterion 16.13

The beneficiary's FI is required to take reasonable measures including post-facto monitoring or real-time monitoring where possible, to detect cross-border wire transfers with the required originator or beneficiary information missing (Paragraph 1, indent B of Indent IV of the BCC guidelines on domestic and cross-border wire transfers).

Criterion 16.14

For cross-border wire transfers of an amount greater than USD/EUR1000, the beneficiary's FI shall verify the identity of the beneficiary where this has not been done previously and keep such information for a minimum period of five (05) years (Paragraph 2, indent B of Indent IV of the BCC guidelines on domestic and cross-border wire transfers).

Criterion 16.15

The BCC Guidelines on Domestic and Cross-Border Wire Transfers of 30th October 2019 require the beneficiary FI to put in place effective risk-based policies and procedures to: a) decide when to execute, reject or suspend wire transfer electronic documents which do not include the required information on the originator or beneficiary and b) appropriate subsequent actions (final paragraph of indent IV-B).

Money or Value Transfer Service Providers

Criterion 16.16

MVT service providers are required to take into account and incorporate the guidelines on national and cross-border wire transfers into their internal policy or via their agents (Paragraph 1 of indent V of the BCC guidelines on national wire transfers and cross-border).

Criterion 16.17a and b

Criterion 16.17 a Where an MVT service provider controls both the placing of an order and the receipt of a wire transfer, it is required to take into account all information from the originator and the beneficiary in order to decide whether a suspicious transaction report should be filed (Paragraph 2 of point V of the BCC guidelines on national and cross-border wire transfers).

Criterion 16.17 b – It is also required to file a suspicious transaction report in all countries involved in the suspicious wire transfer, and to make available to the Financial Intelligence Service all information on the transaction (Paragraph 2 of indent V of the BCC guidelines on domestic and cross-border wire transfers).

Implementation of Targeted Financial Sanctions

Criterion 16.18 –

FIs are required to freeze, without delay and without prior notification, all funds and other assets of designated persons and entities and respect the prohibitions on carrying out certain transactions on behalf of customers subject to a freezing measure, upon publication of the sanctions lists under United Nations Security Council Resolutions 1267 and its subsequent Resolutions, and upon dissemination of the national lists in accordance with Resolution 1373 (Art. 22 and 24 of Decree No. 23-074 of 25th July, 2023)

Weighting and conclusion

The Union of the Comoros has improved the compliance of its legal system on wire transfers. However, the originator's FIs are not required to make available to the beneficiary's FI or to the competent authorities the required information on the originator and beneficiary within three (3) working days. As part of the implementation of the TFS, FIs are required to freeze, without delay and without prior notification, all funds and other assets of designated persons and entities and comply with the prohibitions on carrying out certain transactions on behalf of customers subject to a freezing measure. The national AML/CFT/PF system presents minor gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Largely Compliant on Recommendation 16.

Recommendation 17 – Reliance on Third Parties

The Union of the Comoros was rated Non-Compliant on Recommendation 17 (ex R.9) during its previous evaluation, due to the non-existence of a text governing the use of third parties or business providers. This criterion has been Met

by the adoption of AML/CFT Law No. 21-004/AU.

Criterion 17.1

Criterion 17.1 a FIs may use third parties for the execution of customer due diligence obligations. In this case, they are required to immediately obtain from third parties the information necessary to identify the customer (art. 84 para. 1.5 of AML/CFT Law No. 21-004/AU). FIs also are required to identify the beneficial owner and understand the nature of the customer's activity (Art. 13 para. 3 of Regulatory Decision No. 12-2023/BCC/DSBR)

Criterion 17.1 b FIs must ensure that third parties are able to provide them as quickly as possible with copies of their customers' identification data and other related documents (Art. 84, para. 1.5 of AML/CFT Law n°21-004/AU). This obligation also extends to identification data of beneficial owners and the nature of customer activities (Art. 14 of Regulatory Decision No. 12-2023/BCC/DSBR)

Criterion 17.1 c - FIs must ensure that third parties are subject to AML/CFT regulation and supervision and that they have taken measures to fulfil their compliance obligations. customer due diligence (art. 84, para. 1.5 of AML/CFT Law no. 21-004/AU). However, verification of the obligation to keep records by the third party is not taken into account.

Criterion 17.2 -

The Comorian legal framework does not include any obligation to take into account the information available on the level of risk associated with the countries identified for the establishment of third parties which meet the required conditions.

Criterion 17.3 a, b and c-

Where a financial institution uses a third party that is part of the same financial group, the obligations provided for in Articles 13 and 14 are met in the following circumstances:

17.3a The group applies, in accordance with Law No. 12-008/AU, due diligence measures relating to customers and PEPs, record-keeping obligations and anti-money laundering and counter financing of terrorism programs (Art. 15 of Regulatory Decision No. 12-2023/BCC/DSBR).

17.3b- The group implements due diligence measures relating to customers, record-keeping obligations and AML/CFT programs. However, it is not a requirement that the AML/CFT programs applied by the group should be inspected by a competent authority. (Art. 15 of Regulatory Decision No. 12-2023/BCC/DSBR);

17.3c Any risk associated with a Higher-risk country is satisfactorily mitigated by the group's AML/CFT policies (Art. 15 Regulatory Decision No. 12-2023/BCC/DSBR)

Weighting and conclusion

FIs may use third parties to implement customer due diligence measures while ensuring the relevant requirements are met. These due diligence measures cover the identification data of the beneficial owners, the nature of the customer's activities and keeping the records of the transactions. However, no legal provision requires the Union of the Comoros, when determining the countries in which third parties can be established, to take into account the information available on their risk level. FIs may also use third parties that are part of the same financial group under the conditions stipulated by the texts in force, except that it is not formally required that the group's AML/CFT programs must be subject to inspection by a competent authority. The Comorian AML/CFT regime presents moderate deficiencies with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Partially Compliant on Recommendation 17.

Recommendation 18 - Internal Controls, Foreign Branches and Subsidiaries

The Union of the Comoros was rated Non-Compliant on Recommendation 18 (ex Rs. 15 and 22). This rating resulted from the lack of (i) an obligation to implement internal AML/CFT prevention policies and procedures, (ii) independence

of the internal control system, (iii) obligations for FIs with subsidiaries and branches abroad to implement an AML/CFT framework consistent with the FATF Recommendations, (iv) obligation to provide timely access to the necessary information to the compliance officer. These deficiencies have been resolved with the passing of the AML/CFT Law No. 12-008/AU and AML/CFT Law 21-004/AU.

Criterion 18.1 -

Criterion 18.1 a FIs are required to have an internal control system to verify compliance with AML/CFT measures and a compliance officer at management level (art. 14, para. 1a and c; Article 14, paragraph 2 of AML/CFT Law No. 12-008/AU).

Criterion 18.1 b FIs are required to implement selection procedures guaranteeing the recruitment of employees according to the requirement criteria (art.14 para. 1a of AML/CFT Law No. 12-008/AU).

Criterion 18.1 c FI staff must be trained using a continuing training program intended to help them detect transactions and actions likely to be associated with ML/TF and direct them on the procedures to be followed in such cases. case (art. 14 para. 1.b of AML/CFT Law no. 12-008/AU).

Criterion 18.1 d FIs must have an independent audit function to test their AML/CFT regime (art. 14, para. 1, d, of AML Law No. 12-008/AU).

Criterion 18.2 a, b and c -

Criterion 18.2 a The Comorian legal framework requires financial groups to have internal policies and procedures for sharing, between compliance and audit functions, all information required for the purposes of customer due diligence and ML/TF risk management (art. 86, para. 1, 2nd indent of AML/CFT Law 21-004/AU).

Criterion 18.2 b FIs that are part of the same group are required to exchange customer, account and transaction information when necessary for AML/CTF purposes, compliance functions, audit and/or AML/CFT (Art. 86, para. 1, 2nd indent of AML/CFT Law 21-004/AU).

Criterion 18.2 c FIs are required to take sufficient guarantees in terms of confidentiality and use of information exchanged within the group (art.1, para.1, 2nd indent of AML/CFT Law No. 21 -004/AU).

Criterion 18.3

The Comorian legal framework provides that financial groups shall ensure that FIs, their foreign subsidiaries and branches shall adopt and enforce measures consistent with the provisions of the AML/CFT Law No. 12-004/AU, as far as local Laws and regulations permit (art. 24, para. 3, point f). In addition, FIs belonging to financial groups shall ensure that their foreign subsidiaries or branches implement AML/CFT measures and inform the supervisory authorities where the regulations of the countries in which they are established do not allow these measures to be applied (art. 86 para. 1, 1st indent of AML/CFT Law No. 21-004/AU).

Weighting and conclusion

The Comoros' AML/CFT/PF system does not present any gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Compliant on Recommendation 18.

Recommendation 19 – Higher-risk Countries

The Union of the Comoros was rated Non-Compliant on Recommendation 19 (ex R. 21) during its previous evaluation, due to the non-implementation of AML/CFT provisions relating to insurance companies, lack of measures taken to

inform FIs about high-risk countries, of obligations to make the findings of inspections available to auditors. It was also noted that the obligation to take countermeasures rested with the FIs and not with the country. With the enactment of the AML/CFT Law No. 12-008/AU, the Union of the Comoros has taken measures to strengthen due diligence measures taking into account the high ML/TF risk inherent to any country.

Criterion 19.1 -

FIs are required to apply effective and proportionate enhanced due diligence measures in their business relationships and transactions with natural or legal persons, as well as with FIs from countries for which the FATF so requires (Art. 8, para. 14 and 15 of AML/CFT Law No. 12-008/AU).

Criterion 19.2

The AML/CFT Law No. 12-008/AU requires FIs to take effective countermeasures proportionate to the risks with regard to: (a) countries presenting a high risk at the request of the FATF, (b) but also independently of the latter (Art.8, para. 15 and 16).

Criterion 19.3

In December 2022, the FIU, through correspondence, highlighted concerns raised by the deficiencies identified in the regimes of certain countries. However, despite this one-off initiative, the country does not appear to have put in place measures to ensure that FIs are systematically informed of such concerns when the FATF or other international organizations update their publications on countries presenting higher ML/TF risks.

Weighting and conclusion

The Union of the Comoros' legal system provides for the enhancement of due diligence measures with regard to customers established in a country representing a higher risk. It also requires FIs to implement due diligence measures and countermeasures proportionate to the risks when required by the FATF to do so. On the other hand, the country does not appear to have put in place measures to systematically inform FIs of concerns raised by the deficiencies identified in the AML/CFT regimes of other countries. The Comorian AML/CFT/PF system presents minor gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Largely Compliant on Recommendation 19.

Recommendation 20 - Suspicious Transactions Reporting

The Union of the Comoros was rated Non-Compliant on Recommendation 20 (ex R. 13 and SR. IV) during its previous evaluation, mainly for the following reasons: (i) the obligation for FIs to make suspicious transaction reports was not clear, (ii) the STR obligation did not include all TF activities, (iii) attempted transactions were not subject to reporting. These deficiencies have been resolved by the provisions of the AML/CFT Law No. 12-008/AU.

Criterion 20.1 -

FIs are required to immediately file a suspicious transaction report to the FIU, when they suspect, or have reasonable grounds to suspect, that funds are the proceeds of a predicate offence to ML or are related to TF, terrorist acts, terrorist organizations or individuals (Art. 25 of AML/CFT Law no. 12-008/AU).

Criterion 20.2

Suspicious transaction attempts, regardless of their amount, must be reported to the FIU (Art. 25 of AML/CFT Law no. 12-008/AU).

Weighting and conclusion

The Union of the Comoros' AML/CFT/PF legal system does not present any gaps with regard to the requirements of

this Recommendation.

The Union of the Comoros is rated Compliant on Recommendation 20.

Recommendation 21 – Disclosure and Confidentiality

During its previous evaluation, the Union of the Comoros was rated Partially Compliant on Recommendation 21 (ex R.14). This rating was justified by the fact that the protection given to whistle-blowers did not cover cases where the predicate criminal activity was not known or had not occurred. This gap has been addressed by the AML/CFT Law No. 12-008/AU.

Criterion 21.1

FIs, their managers and employees are protected against any criminal or civil liability for violation of any rule governing the disclosure of information imposed by contract or by any legislative, regulatory or administrative provision, when they report their suspicions in good faith to the FIU. This protection applies even though they did not know precisely what the predicate criminal activity was or whether the illegal activity which was the subject of the suspicion did not actually occur (Art. 30 para.1 of the AML/CFT Law N°12-008/AU).

Criterion 21.2

FIs, their managers, agents and employees are prohibited from disclosing to their customer or a third party the fact that: information has been provided to the FIU, or that a report relating to a suspicion of ML/TF will be or has been filed, or that an ML/TF investigation has been conducted or is in progress. This prohibition does not prevent disclosures relating to a suspicion of ML/TF between the managers, agents and employees of the FIs, the legal advisor and the competent authorities concerned (art. 28 of AML/CFT Law n°12-008/AU).

Weighting and conclusion

The Comorian AML/CFT/PPF legal system does not present any gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Compliant on Recommendation 21.

Recommendation 22 - Designated Non-Financial Businesses and Professions: Customer due Diligence

Recommendation 22 (ex R. 12) was rated non-compliant during the previous evaluation of the Union of the Comoros. The main deficiencies identified were associated with: the non-implementation of the enforcement texts making the 2009 ordinance inapplicable for casinos and dealers in gems and precious metals, the restricted scope of due diligence obligations, the lack of obligation to obtain information concerning managers when opening an account, the lack of the obligation to exercise constant due diligence with regard to the business relationship, the lack of enhanced due diligence measures for the highest risk categories, the lack of measures for non-compliance with customer due diligence obligations, the lack of measures relating to PEPs, the lack of measures relating to new technologies and relationships not involving the physical presence of the parties as well as the lack of measures relating to record-keeping. The enactment of AML/CFT Law No.008/AU and AML/CFT Law No. 20-038/AU has significantly resolved these deficiencies.

Criterion 22.1 a, b, c, d and e

Apart from casinos, DNFBPs are required to comply with the customer due diligence measures provided for in Recommendation 10 (see analysis of R.10). These measures are implemented under the following conditions:

Criterion 22.1 a The practice of lottery activity and all other games of chance are prohibited within the Union of the Comoros and the penalties for violating this prohibition are set according to the provisions of Law No. 20-038/AU of

29th December 2020 on gambling (Art. 201). Consequently, this criterion is not applicable.

Criterion 22.1 b Real estate agents or all persons who conduct, control or advise real estate transactions are required to identify the parties, when carrying out transactions for the purchase or sale of real property (art. 3 b of AML/CFT Law No. 12-008/AU). These identification obligations apply to both natural and legal persons. However, the gaps identified in the analysis of compliance with Recommendation 10 are also applicable to real estate agents.

Criterion 22.1 c Persons usually engaged in the trade or organizing the sale of gems and precious metals, must comply with customer due diligence obligations, including occasional customers, when dealing with customer cash transactions involving amounts equal to or higher than the threshold established by the Minister of Finance's Order (Art. 3 c of AML/CFT Law No. 12-008/AU). However, it appears the Ministerial Decree setting the threshold is yet to be issued by the Minister of Finance. In any case, the gaps identified in the analysis of compliance with Recommendation 10 are also applicable to dealers in gems and precious metals.

Criterion 22.1 d. Independent legal and accounting professions are required to comply with customer due diligence obligations (art. 3 d of AML/CFT Law No. 12-008/AU) when preparing or carrying out transactions for and on behalf of their customers in the context of the following activities:

- a. Purchase and sale of real property;
- b. Management of the customer's capital, securities or other assets;
- c. Management of bank, savings or securities accounts;
- d. Organization of contributions for the creation, functioning or management of companies;
- e. Creation, functioning or management of legal persons or legal arrangements, purchase and sale of corporate businesses.

However, the gaps identified in the analysis of compliance with Recommendation 10 are also applicable to independent legal professions.

Criterion 22.1 e. Company and Trust Service Providers are also required to comply with the same obligations when they prepare or conduct transactions for and on behalf of a customer in connection with the following activities (Art. 3 e of Law no. 12-008 /AU of AML/CFT):

- a. They act as agents for the formation of legal persons.
- b. They act or take steps to cause another person to act as director or manager of a corporation, as a partner in a partnership or as holder of a similar position for other types of legal persons.
- c. They provide a head office, a business address or premises, an administrative or postal address to a capital company, a partnership or any other legal person or legal arrangement.
- d. They act (or arrange for another person to act) as a shareholder acting for and on behalf of another person.

However, the gaps identified in the analysis of compliance with Recommendation 10 are also applicable to company and trust service providers.

Criterion 22.2

DNFBPs are required to collect, update and analyse, throughout the duration of the business relationship, any information that allows them to enhance appropriate knowledge of their customer. This information must be kept for at least five (05) years from the date of the transaction, as well as all the necessary documents relating to the transactions conducted, both nationally and internationally, in order to enable them to respond promptly to Information

requests from the competent authorities. Such records should make it possible to reconstruct individual transactions in order to provide, if necessary, evidence in criminal prosecutions (art. 12 para. 1 of AML/CFT Law No. 12-008/AU). In addition, the accounting books or documents that serve as their replacement, as well as supporting documents, should be kept for ten years (art. 24 of the Uniform Act on Accounting Law and Financial Information).

Criterion 22.3

DNFBPs are required to have an adequate risk management system in place to determine whether their customer is a PEP (art. 8 para. 13a of AML/CFT Law no. 12-008/AU). And if this is the case, they must implement specific measures which are commensurate to the obligations relating to PEPs established in Recommendation 12.

Criterion 22.4-

The Union of the Comoros' legal framework does not require DNFBPs to comply with the requirements on new technologies established in Recommendation 15.

Criterion 22.5

DNFBPs may use third parties to implement customer due diligence obligations. In this case, they are required to immediately obtain from third parties all information needed to identify the customer (art. 84 para. 1.5 of AML/CFT Law No. 21-004/AU). However, this obligation has nothing to do with the identification of the beneficial owner and the nature of the activity, in accordance with Recommendation 10 and the gaps identified in Recommendation 17 impact this criterion.

Weighting and conclusion

DNFBPs are subject to customer due diligence measures and to the preservation, throughout the duration of the business relationship, of information needed to promote appropriate knowledge of their customers. However, considering the gaps identified under Recommendations 10 and 17 as well as the lack of requirements associated with new technologies for DNFBPs, the Union of the Comoros' AML/CFT/PF legal system presents moderate deficiencies in meeting the requirements of this Recommendation.

The Union of the Comoros is rated Partially Compliant on Recommendation 22.

Recommendation 23 - Designated Non-Financial Businesses and Professions: other measures

The Union of the Comoros was rated non-Compliant on Recommendation 23 (ex R. 16) in its previous evaluation. The MER identified several deficiencies, including: the non-implementation of the text, making the system inoperable as it stands for dealers in gems and precious metals; the ambiguity of the suspicious transaction reporting framework which was not clearly binding for all DNFBPs, the STR obligation did not include all TF activities; attempted operations were not subject to reporting ; the lack of obligation to implement internal control mechanisms; the failure to guarantee the protection of the reporting entities when the predicate criminal activity was unknown; the lack of obligation to pay particular attention to business relationships and transactions relating to countries that are inadequately implementing the FATF Recommendations. The provisions of Law No. 12-008/AU have further strengthened the legal framework applicable to DNFBPs.

Criterion 23.1

The requirement to file STRs to the FIU is applicable to all DNFBPs under the conditions specified by AML/CFT Law No.008/AU (see analysis Rec.20). Indeed, Lawyers, notaries, other independent legal and accounting professions, company and trust service providers, as well as dealers in gems and precious metals are all accountable when

performing specific services for their customers (see analysis of c. 22.1). However, the Ministerial Decree defining the threshold required for transactions/operations of dealers in gems and precious metals is yet to be issued by the Minister of Finance.

Criterion 23.2 -

DNFBPs are required to comply with established internal control obligations. Indeed, they must have the policies, procedures and controls required to effectively mitigate and manage their ML/TF risks in accordance with the requirements of Recommendation 18 (Art. 14 para. 1a and c of AML/CFT Law no. 12 -008/AU). The obligation to have a continuous training program for DNFBP staff and managers is also provided for (Art. 14, para. 1.b).

Criterion 23.3-

DNFBPs are required to apply enhanced due diligence measures to business relationships and operations with natural or legal persons, as well as with FIs in countries required to do so by the FATF. They also are required to take effective countermeasures proportionate to the risks with regard to countries presenting a high risk at the request of the FATF but also independently of the latter (art.8, para. 14, 15 and 16 of AML/CFT Law No. 12-008/AU). Furthermore, the Union of the Comoros has not put in place any measures to inform DNFBPs of deficiencies identified in the AML/CFT regimes of other countries.

Criterion 23.4

Like FIs, DNFBPs are required to comply with the confidentiality of STRs filed to the FIU under the conditions set by Law (See. analysis rec. 21, Art. 28 of AML /CFT Law no. 12-008/AU).

Weighting and conclusion

The Union of the Comoros has taken appropriate measures to subject DNFBPs to due diligence and due diligence obligations relating to AML/CFT. However, the Decree setting the threshold of transactions or operations for dealers in gems and precious metals is yet to be issued by the country. Similarly, measures have not been put in place to inform DNFBPs of the deficiencies identified in other countries' AML/CFT regimes. The Union of the Comoros' AML/CFT/PF legal framework has minor gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Largely Compliant on Recommendation 23.

Recommendation 24 - Transparency and Beneficial Ownership of Legal Persons

In its previous MER, the Union of the Comoros was rated Non-Compliant on Recommendation 24 (ex R. 33). The deficiencies justifying this rating were associated with the problem of maintaining and managing the Trade and Securities Register (RCCM), the lack of identification of beneficial owners, the non-computerization of the RCCM and the non-existence of a national register that can provide information to the OHADA regional register. Furthermore, the criteria of this Recommendation now include the obligation to assess the ML/TF risks associated with all categories of legal persons, the communication to the competent authorities of basic information and information on beneficial ownership identification, the sharing of the said information by national authorities with their foreign counterparts. Some of these requirements have been taken on board by the provisions of AML/CFT Law No.008/AU.

Criterion 24.1

The OHADA Uniform Act on the Law of business companies and economic interest groups (AUSGIE) of 30th January 2014 establishes the mechanisms which identify and describe the various types of business companies. The general provisions regulate the incorporation of these companies (public limited companies, limited liability companies, simple

and individual limited partnerships, GIE), as well as their forms and characteristics (art. 6, 10, 11 and 13 of the AUSGIE). The procedures for creating business companies in the Comoros are also indicated in the AUSGIE. Law No. 86-006/AF of 30th May 1986 on the Contract of Association and Decree No. 20-101/PR establishing the licensing and operation modalities for Non-Governmental Organizations (NGOs) provide for the procedures and creation of associations and NGOs, respectively.

Basic and elementary information on these legal persons is collected and kept at the court registry for publicity purposes. They are accessible to the public from the Registry of the Commercial Court. They can also be consulted on the website of the Business Formality Centre (Art. 256-2 AUSGIE). The same applies to cooperative societies governed by the OHADA Uniform Act of 15th December 2010. Basic information on Associations and Foundations are collected and kept at the Ministry of the Interior (Art. 6 and 16 of Decree No. 20-101/PR). On the other hand, there is no mechanism to identify and outline the methods of collecting beneficial ownership information.

Criterion 24.2-

The Union of the Comoros has not assessed the ML/TF risks associated with the various categories of legal persons created on its territory.

Basic information

Criterion 24.3 –

The RCCM created by the AUDCG is required by the registry of the Commercial Court to receive basic information on legal persons (art. 16 of the AUSGIE and 34, 35, 46, 97 of the AUDCG). This information relates to the company name, legal status, address, head office, capital, list of corporate officers and members of the board of directors, duration of the company, auditors, etc. They are publicly accessible in the RCCM within the Court Registry (art. 256 of the AUSGIE). This information is available online.

Criterion 24.4

The legal system of the Union of the Comoros makes the preservation of basic information on legal persons an obligation for companies at their headquarters through by maintaining a register for this purpose, particularly the names of partners or shareholders as well as the nature of the shares or shareholdings and their distribution, voting rights information (art. 136 and 746-1 AUSGIE). This requirement also applies to cooperative societies (Art. 9 AUCS).

Criterion 24.5-

The RCCM receives requests for amending, complementary and secondary declaration of basic information on legal persons (art. 35, para. 4 of the AUDCG). Business companies are required to mention any modification when their situations require it (art. 52 of the AUDCG). The AUSGIE also provides that in case of amendment of the Articles of Association and transformation of the company (art. 263 and 264 of the AUSGIE), that the relevant information be entered in the RCCM. However, there is no mechanism to ensure the accuracy of the information entered and its updates without delay.

Beneficial Ownership Information

Criterion 24.6 a, b and c

Criterion 24.6 a.- The RCCM of the Union of the Comoros does not include beneficial ownership information.

Criterion 24.6 b.- Companies do not collect their updated beneficial ownership information. However, FIs and DNFBPs are required to collect beneficial ownership information when they observe their customer due diligence obligations before entering into business relationships (Art. 8, 12 and 14 para. 2 of AML/CFT Law No. 12/008/AU). However, all companies are required to have bank accounts.

Criterion 24.6 c.- Certainly, the competent authorities can obtain this information from FIs and DNFBPs, but they are fragmentary because they do not cover beneficial ownership information of legal persons that are not customers of

these reporting entities.

Criterion 24.7

FIs and DNFBPs are required to update information on their legal person customers, including beneficial ownership information, throughout the business relationship (Art. 3 and 8 of AML/CFT Law No. 12/008/AU). Except for this piecemeal BO information collected by FIs and DNFBPs on their legal person customers who are required to have bank accounts, legal persons only collect and update basic information, and not beneficial ownership information.

Criterion 24.8 a, b and c

The Comorian legislation requires FIs and DNFBPs, excluding non-accountable legal persons, to cooperate with the competent authorities in order to identify the beneficial owners.

Criterion 24.8 a- In the Union of the Comoros, the partners and main managers of companies are not jointly responsible with the companies for disseminating beneficial ownership information to the competent authorities.

Criterion 24. b and c- With regard to FIs and DNFBPs, they are required to communicate basic and beneficial ownership information to the competent authorities (Art. 13 of AML /CFT Law No. 12/008/AU).

Criterion 24.c- No other mechanism has been identified by the country.

Criterion 24.9

AML/CFT Law No. 12/008/AU provides for record-keeping for at least five (05) years after the date on which the company is dissolved or ceases to exist (art. 12 paragraph 3). This record-keeping is still incomplete given the lack of mechanism for identifying the actual beneficiaries.

Other requirements

Criterion 24.10

The powers given to Criminal Investigation Officers including the investigating judge guarantee timely access to basic and beneficial owner information from the parties concerned (See. analysis R. 31). Furthermore, persons acting within the framework of a legal mandate as well as the FIU have access to basic and beneficial ownership information of companies where it is available, without delay. Access to basic information on associations and foundations is also possible on request at the relevant departments of the Ministry of the Interior (Art. 13 of Law n°12/008/ AU of 28th June, 2012).

Criterion 24.11

The AUSGIE does not explicitly prohibit the issuance of bearer shares. Securities, in whatever form, must be registered in a securities account in the name of their owner and each company is required to have a register of registered or bearer securities (art. 744 para.1). Where the bearer security becomes the subject of an issue on the capital market, the owner must convert it into a registered security. Also, there is provision for the option of converting bearer shares and share subscription warrants into registered shares or share subscription warrants (art.746). In addition, the AUSGIE requires shareholders holding a controlling interest to notify the company, and the company to register their identity (in its articles 746-1).

Criterion 24.12-

The Comorian legal system does not require shareholders or directors acting on behalf of another person to disclose to the company and to any competent register the identity of the person having designated them. Shareholders or directors are also not required, where shares are issued in the name of nominees, to record their status as agents in the company register.

Criterion 24.13-

The Comorian positive Law does not provide for any sanctions relating to possible violations of obligations to collect basic and beneficial ownership information on companies, as well as their updating. However, the Union of the Comoros ensures the withdrawal of licenses for any violation of the basic information disclosure obligation (Articles of Association, bodies, head office address, denomination) on Associations and Foundations (Art. 33 of Decree N0. 202-101). Furthermore, the Union of The Comoros requires reporting institutions to conduct due diligence measures (Art. 8 of AML/CFT Law No. 12/008/AU), in particular the identification of beneficial owners of their customers (see analysis of R.10 and R.22.1.d). But there is no provision for sanctions to repress the violations of these AML/CFT/PF obligations by reporting entities (see analysis of R.35).

Criterion 24.14 a, b and c

Criterion 24.14 a Within the framework of international cooperation, foreign competent authorities may have access to basic information from company registers (Art. 57 paragraph 2a of AML/CFT Law No. 12-008/AU)

Criterion 24.14 b International cooperation also includes the exchange of information on shareholders (art. 57 paragraph 2 b of AML/CFT Law No. 12-008/AU).

Criterion 24.14 c Competent authorities are empowered to use their investigative powers, in accordance with their national Laws, to obtain beneficial ownership information on behalf of foreign counterparts (Art. 57 paragraph 2 c of the AML/CFT Law No. 12-008/AU)

Criterion 24.15-

There is no legal obligation or mechanism in the Union of the Comoros to monitor the quality of the assistance it receives from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad.

Weighting and conclusion

The Comorian legal system enshrines the general principle of transparency of legal persons and beneficial owners. However, the Union of the Comoros has not assessed the ML/TF risks relating to the types of business companies created in the country and it has no mechanism for collecting and updating beneficial ownership information in the RCCM and in the company register. There are no sanctions to punish violations of the requirements of Recommendation 24. Nor are there any provisions requiring the country to monitor the quality of assistance it receives from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad. The country also lacks legal or regulatory provisions requiring shareholders or directors acting on behalf of another person to disclose to the company and to any competent register the identity of the person having designated them, or in case of nominee shares issuance and demanding that their status as agents be recorded in the company register as well as other known mechanisms. The Comorian AML/CFT/PF legal system presents moderate gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Partially Compliant on Recommendation 24.

Recommendation 25 - Transparency and Beneficial Ownership of Legal Arrangements

In its previous evaluation, the Union of the Comoros was rated Non-Compliant on the Recommendation 25 (ex rec.34). The factors justifying this non-compliance were the possible existence of a legal framework governing trusts in Anjouan and the lack of adequate transparency obligations. AML/CFT Law No. 12-008/AU and AML/CFT Law No. 21-004/AU have strengthened the legal framework for legal arrangements. But the country is yet to ratify The Hague Convention on Trusts.

Criterion 25.1 a, b and c

Criterion 25.1 a – AML/CFT Law no. 12-008/AU regulates the activities of trusts in the Union of the Comoros. It

requires them to obtain and hold satisfactory, accurate and up-to-date information on the identity of the settlor, the trustees, the protector (where applicable), the beneficiaries or the category of beneficiaries and any other natural person ultimately exercising effective control over the trust (Article 3-e and h).

Criterion 25.1 b – The requirement for the collection of updated and up-to-date information by trusts also includes their licensed agents, to trust service providers, investment advisors or investment managers, accountants and tax advisors.

Criterion 25.1 c – The Comorian legal system makes trustees subject to AML/CFT (art. 3 of AML/CFT Law No. 12-008/AU). Consequently, they are required to keep data relating to their operations for a period of at least five (05) years after the cessation of their involvement (Article 12 of AML/CFT Law n°12-008/AU).

Criterion 25.2

Information held by trusts is required to be accurate and current as possible and updated without delay (Art. 85 of AML/CFT Law No. 21-004/AU).

Criterion 25.3-

Trustees are not required to declare their status to FIs and DNFBPs when they establish a relationship or conduct an occasional transaction for an amount above the threshold.

Criterion 25.4 -

There is no legal or regulatory provision in force in the Union of the Comoros which prevents trusts or any other legal arrangements from providing any required information (beneficial ownership and assets held or managed) to the competent authorities.

Criterion 25.5

The powers given to Criminal investigation officers, including the investigating judge (arts 13 and 22 of Law No. 12/008/AU of 28th June 2012), guarantee timely access to beneficial ownership information, the residence of the trustee and any assets held by the FI or DNFBP in a business relationship or carrying out any transaction for and on behalf of a trustee.

Criterion 25.6 a, b and c Legal provisions on international cooperation provide an opportunity for the Comorian authorities to exchange information on trusts and other legal arrangements in accordance with the requirements of Recommendations 37 and 40 (Art. 57 paragraph 2 of Law No. 12-008/AU). These provisions particularly:

Criterion 25.6 a- facilitate access by foreign competent authorities to information from company registers and the exchange of information on shareholders, through the provision of originals or certified copies of relevant files and documents, including bank statements, accounting documents and registers revealing the operation of a company or its business activities, as well as the beneficial owner (Art. 57 para. 1 and 2).

Criterion 25.6 b- enhance the exchange of available information at national level on trusts or other legal arrangements (art. 57 para. 1 and 2).

Criterion 25.6 c.- makes beneficial ownership information available on behalf of foreign counterparts (art. 57 para. 2).

Criterion 25.7

Trustees, particularly FIs and DNFBPs, which may act as trusts in the Union of the Comoros, are legally responsible for any failure to comply with their obligations and incur proportionate and dissuasive sanctions, of a criminal and administrative nature, for non-compliance with their obligations (Art. 44, 45 and 3 of Law No. 12-008/AU).

Criterion 25.8

Proportionate and dissuasive sanctions, of a criminal, civil or administrative nature, are applicable to FIs and DNFBPs for non-compliance with their obligation to make available to the competent authorities, without delay, all relevant information, including on trusts. These sanctions include prison sentences, fines and even a ban on practicing (art. 44 and 45 of AML/CFT Law No. 12/008/AU).

Weighting and conclusion

Trusts are required to observe transparency rules in relation to their AML/CFT obligations. However, trusts are not required to declare their status to FIs and DNFBPs when they establish a relationship or conduct an occasional transaction for an amount above a given threshold. The Comorian AML/CFT/PF legal system presents minor gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Largely Compliant on Recommendation 25.

Recommendation 26 - Regulation and Supervision of Financial Institutions

The Union of the Comoros was rated Non-Compliant on Recommendation 26 (ex R. 23) during its previous evaluation. The main deficiencies identified had to do with the lack of licensing requirements for transfer companies, forex dealers and insurance companies as well as the presence of unlicensed foreign exchange dealers, unlicensed microfinance networks and a bank holding unconditional license but not operational at the time of the on-site visit. The new FATF requirements introduce into the evaluation exercise, in particular, the risk-based approach in the monitoring and supervision of FIs. Developments in the legal system has made it possible to resolve these deficiencies particularly through the adoption of AML/CFT Laws n°12-008/AU, n°13-003/AU promulgating the Banking Act, n° 20- 005/AU on Payment Services and Payment Service Providers, as well as Decree No. 12-047/ PR establishing the Public Accounting and Treasury Directorate.

Criterion 26.1 -

FIs, in particular credit institutions, electronic money institutions, decentralized financial institutions, forex bureaus, MVT service providers, are subject to the supervision of the BCC (art. 26 of Law n°13-003 /AU promulgating the Banking Act). The BCC's supervision also covers AML/CFT legislative and regulatory texts (Art. 27 of Law no. 13-003/AU enacting the Banking Act). The BCC ensures that FIs comply with AML/CFT requirements (Art. 24.1 of AML/CFT Law No. 12-008/AU). With regard to the insurance sector, the designated supervisory authority is the insurance department of the Public Accounting and Treasury Directorate (Art. 27 of Decree No. 12-047/ PR establishing the Public Accounting and Treasury Directorate). However, this department is not explicitly authorized to monitor compliance with AML/CFT requirements by insurance companies. Furthermore, no supervisory authority seems to have been designated for capital market participants.

Market Entry

Criterion 26.2

In the Union of the Comoros, FIs subject to the Core Principles (banks and insurance companies) cannot conduct their activities or claim the status of FI, bank, banker, credit institution or financial intermediary without having been previously licensed by the BCC and registered in the register of credit institutions or financial intermediaries (art. 18 of Law no. 13-003/AU promulgating the Banking Act). As for insurance companies and brokers, approval is issued by the Minister of Finance (art. 7 of the Decree of June 14, 1938 on State Control of Insurance Companies). Finally, with regard to shell banks, no legal or regulatory provision explicitly prohibits their establishment or the continuation of their operations.

Criterion 26.3

Several legal provisions are designed to prevent criminals or their accomplices from holding a significant stake or controlling any FI (credit institution, electronic money institution, Decentralized Financial Institution, forex bureau), or

from occupying any management position therein in the Union of the Comoros. Indeed, natural or legal persons must meet certain requirements to become administrator, director or manager of any FI or to take stakes in the capital of any FI (art.22 of Law n°13-003-AU promulgating the Banking Act). These conditions essentially relate to the lack of conviction for offences provided for in the Union of the Comoros or abroad, and non-bankruptcy. Licensing conditions are also required for all managers in charge of FIs. Indeed, the BCC verifies the integrity of the people in charge of managing the FIs (art. 21 of regulation no. 17). However, there are no clear and precise binding provisions requiring the identification of beneficial owners when processing FI licensing applications. With regard to insurance, there are no legislative measures to prevent criminals or their accomplices from holding a significant or controlling interest in an insurance company or from occupying a management position. The Assessment Team could not assess the legal framework relating to the capital market.

Risk-based Approach to Monitoring and Supervision

Criterion 26.4a and b

Criterion 26.4 a. Banks subject to the Basel Committee Principles on Banking Supervision are supervised and monitored AML/CFT by the BCC (art. 24 of AML/CFT Law No. 12-008/AU, Arts. 26, 27, 28 and 29 of Law No. 13-003-AU relating to the Banking Act). In accordance with the Core Principles and to enable it effectively conduct its missions and responsibilities in terms of supervision, the BCC is endowed with civil personality, administrative and financial autonomy (art. 1 of the Articles of the Bank's Statutes of 22nd April 2008). It conducts permanent on-site and off-site inspection of reporting entities (art. 8 of the federal framework Law no. 80-08, art. 26-b of Law no. 13-003-AU promulgating the Banking Act). It is also empowered to take remedial measures or sanctions against any reporting entity that contravenes the provisions applicable to it in AML/CFT (Art. 24.2 of AML/CFT Law No. 12-008/AU). However, no legal or regulatory provision explicitly requires the implementation of ML/TF risk-based supervision, or consolidated supervision within a financial group for AML/CFT purposes.

With regard to insurance, the functions and responsibilities assigned to the insurance department of the Public Accounting and Treasury Directorate, which is the designated monitoring authority, do not allow them to be subject to regulation or control in consonance with the Principles of the International Association of Insurance Supervisors on AML/CFT (art. 27 of Decree no. 12-047/ PR relating to the Public Accounting and Treasury Directorate). Furthermore, the Union of the Comoros is yet to ratify the treaty of the Inter-African Conference on Insurance Markets (CIMA) of which it is a signatory and whose annexed code establishes the regulation and supervision of insurance companies including in AML/CFT.

Criterion 26.4 b Although other FIs (electronic money institutions, Decentralized Financial Institutions, forex bureaus, money or value transfer service providers) are subject to AML/CFT matters under control of the BCC, the surveillance and control activities of these FIs do not incorporate the risk-based approach to ML/TF, as this is not legally provided for.

Criterion 26.5 a, b and c

Criterion 26.5 a The BCC has no obligation to determine the frequency and extent of on-site and off-site inspections to be conducted in AML/CFT on FIs based on ML/CFT risks, TF and internal policies, controls and procedures as defined in the assessment of the risk profile of the institution or group to be inspected. The same applies to the insurance department of the Public Accounting and Treasury Directorate with regard to the control of insurance companies in matters of AML/CFT.

Criterion 26.5 b. No binding provision obliges the BCC to determine the frequency and scope of on-site and off-site inspections to be conducted in AML/CFT on FIs on the basis of the ML/TF risks present in the country. The same applies to the insurance department of the Public Accounting and Treasury Directorate with regard to the supervision of insurance companies in AML/CFT.

Criterion 26.5 c. No binding provision requires the BCC to determine the frequency and scope of on-site and off-site inspections to be conducted in AML/CFT on FIs based on the characteristics of the FIs and financial groups to be

inspected, including the diversity and number of FIs and the degree of discretion granted to them under the risk-based approach. The same applies to the insurance department of the Public Accounting and Treasury Directorate with regard to the supervision of insurance companies in AML/CFT.

Criterion 26.6

Supervisory authorities have no legal obligation to review the assessment of the ML/TF risk profile of any FI or financial group.

Weighting and conclusion

The Union of the Comoros has, through AML/CFT Law No.008/AU and the Banking Act, strengthened the regulation and supervision of FIs. However, the identification of the beneficial owners of FIs is not adequately taken into account when processing applications for licensing in order to prevent criminals from taking ownership or stakes in FIs. In addition, supervision and control activities do not take place according to the risk-based approach to ML/TF. Furthermore, the insurance sector is not explicitly subject to AML/CFT supervision. The Union of the Comoros' AML/CFT legal system presents moderate gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Partially Compliant on Recommendation 26.

Recommendation 27 - Powers of Supervisors

The Union of the Comoros was rated Non-Compliant on Recommendation 27 (ex R. 29) during its previous evaluation. This rating was justified by the limited AML/CFT inspections, the lack of supervision of the insurance sector and partial supervision of Decentralized Financial Institutions. The provisions of the Banking Act and the AML/CFT Law as well as Decree No. 12-047/ PR relating to the Public Accounting and Treasury Directorate have resolved most of these deficiencies.

Criterion 27.1 -

The BCC has the necessary powers to supervise or monitor FIs to ensure that they comply with their AML/CFT obligations. However, the insurance department of the Public Accounting and Treasury Directorate, which is the supervisory authority for the insurance sector, is not explicitly authorized to ensure AML/CFT supervision in this sector (cf. analysis of criterion 26.1).

Criterion 27.2 -

Within the framework of implementing its AML/CFT supervision mandate, the BCC has the necessary power to conduct inspections of FIs under its supervision (Art. 8 of the Federal Act No. 80- 08, and Art. 26-b of Law no. 13-003-AU relating to the Banking Act). AML/CFT inspections are incorporated into general inspection missions for credit institutions (banks) while they are rare or even non-existent for other FIs. The insurance department of the Public Accounting and Treasury Directorate does not conduct AML/CFT inspections as it is not authorized to carry out AML/CFT supervision in this area. sector.

Criterion 27.3 -

The BCC may require and without restriction, the disclosure within a reasonable timeline of any information that it deems necessary for the conduct of inspections on FIs under its supervision, particularly to monitor the latter's' compliance with AML/CFT obligations (Art. 31 of Law no. 13-003-AU on the Banking Act). There is no AML/CFT supervision in the insurance sector.

Criterion 27.4 -

The BCC may impose sanctions against any reporting entity who disregards its obligations or contravenes the provisions applicable to it in AML/CFT (art. 24 of AML/CFT Law No. 12-008/AU). Indeed, it has disciplinary power

which allows it to impose disciplinary and/or financial sanctions against any FI which has violated the provisions of banking regulations or any other legislative or regulatory provisions relating to its activity, including the AML/CFT legislation (Art. (art. 26, 65 and 66 of Law no. 13-003-AU on the Banking Act). There is no AML/CFT supervision in the insurance sector.

Weighting and conclusion

The Union of the Comoros has strengthened its legal and regulatory framework and the powers of supervisory authorities in AML/CFT. Only the insurance sector escapes AML/CFT control. The AML/CFT/PF legal system of the Union of the Comoros presents minor gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated largely Compliant on Recommendation 27.

Recommendation 28 - Regulation and Supervision of DNFBPs

Recommendation 28 (ex R. 24) was rated non-compliant during the previous evaluation of the Union of the Comoros. The main deficiencies identified related to the lack of a supervisory authority in AML/CFT and administrative sanctions for all categories of DNFBPs. The provisions of AML/CFT Law No. 12-008/AU now empower the ministries concerned with each category of DNFBP to ensure compliance and implementation of AML/CFT obligations.

Casino

Criterion 28.1 a, b and c

The Union of the Comoros prohibits gambling on its territory (art. 201 et seq. of the Penal Code).

Non-financial businesses and professions other than casinos

Criterion 28.2

The Ministries concerned ensure that all categories of DNFBPs comply with their AML/CFT obligations (art. 24.1 of AML/CFT Law No. 12-008/AU). However, neither this provision nor any other legal text specifies, for each category of DNFBPs, the structure or Ministerial department specifically in charge of AML/CFT supervision and monitoring.

Criterion 28.3

See analysis of criterion 28.2.

Criterion 28.4 a, b and c

Criterion 28.4 a The Assessment Team could not assess the functions and powers conferred on the ministries in charge of monitoring compliance with AML/CFT obligations by each category of 'DNFBPs (see analysis of criterion 28.2).

Criterion 28.4 b Certain categories of DNFBPs have internal self-regulatory bodies which monitor access to the profession based on the criteria of competence and sound reputation likely to prevent criminals from accessing their professional status. For Lawyers, this responsibility is conferred on the Council of the Association and the Disciplinary Council (art. 37 and 48 of Law 08-010 of June 23, 2008), the National Association of Notaries (art. 50 and 51 of the Law n°11-015 of December 13, 2011), the National Accounting Council (art. 56 of Law n°19-08/AU of June 25, 2019), the Supreme Council of Bailiffs and the National Association of Bailiffs as well as local associations within each island (art. 38 of Law 08-009 of June 20, 2008). These self-regulatory bodies do not have the necessary responsibilities or powers to monitor the implementation of AML/CFT obligations. For other types of DNFBPs, the Assessment Team could not assess the actions of their supervisory authorities to protect abusive access to the practice of their professions, knowing fully well that the latter are yet to be designated. Furthermore, dealers in precious metals and real estate sectors are unregulated and therefore do not have a designated supervisory authority or self-regulatory body.

Criterion 28.4 c The Comorian legal framework gives the competent authorities the power to mete out sanctions on any DNFBP that disregards its obligations or contravenes the provisions applicable to it in AML/CFT (Art. 24 of AML/CFT Law No. 12-008/AU). However, these sanctions cannot be applied for many DNFBPs due to the non-existence of a specific authority in charge of its implementation.

All designated financial businesses and professions

Criterion 28.5a and b

Criterion 28.5 a No legislative or regulatory provision provides for the implementation of the risk-based approach in the supervision, monitoring and control of DNFBPs in The Comoros.

Criterion 28.5 b No category of DNFBP has been subject to AML/CFT supervision in the Comoros.

Weighting and conclusion

The provisions of the AML/CFT Law of the Union of the Comoros give the relevant ministries the power to ensure compliance by DNFBPs with their AML/CFT obligations and provide for administrative and disciplinary sanctions for non-compliance. However, no Ministry concerned has designated within itself the structure in charge of controlling DNFBPs in matters of AML/CFT. To date, no DNFBP has been subject to AML/CFT monitoring or supervision. Furthermore, dealers in gems and precious metals and the real estate sectors are unregulated and therefore have no designated supervisory authority or self-regulatory body. The AML/CFT/PF legal system of the Union of the Comoros presents major gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Non-Compliant on Recommendation 28.

Recommendation 29 - Financial Intelligence Unit

In its previous evaluation, the Union of the Comoros was rated Non-Compliant on Recommendation 29 (ex R.26). The factors justifying this non-compliance were the lack of legal basis for the reception, analysis and dissemination of TF-related information, the low level of the information provided to reporting entities on how to develop STRs, the reference to an incorrect Article in the Order limiting access to information, the lack of guarantees of the independence and operational autonomy of the FIU, the lack of periodic reports from the FIU, the non-membership of the FIU to the Egmont Group and ineffectiveness. The respective amendments to the legal framework in 2012, 2020 and 2021 improve it (AML/CFT Law 12-008/AU, AML/CFT Law n°21-004/AU, Decree N°20 -145 of 4th December 2020 establishing the responsibilities, organization and functioning of the FIU).

Criterion 29.1 -

The Financial Intelligence Service (FIU) was established in 2012 (art. 18 para. 1 of AML/CFT Law 12-008/AU). It was operationalized by Decree No. 20-145 of 4th December 2020 which defines its prerogatives (art. 3). The FIU is the national structure in charge of receiving and analysing STRs and all information relating to ML, associated predicate offences and TF as well as disseminating the results of such analysis.

Criterion 29.2a and b-

Criterion 29.2 a. The FIU receives from FIs and DNFBPs, STRs associated with ML/TF acts in accordance with the obligations contained in Recommendations 20 and 23 (Art. 25 of AML Law 12-008/AU, art. 3 of Decree No. 20-145 of 4th December 2020 establishing the powers, organization and functioning of the FIU), and not cash transaction reports above a certain threshold.

Criterion 29.2 b. - The Comorian legal system does not provide for the obligation for reporting entities to systematically report to the FIU all cash transactions above a certain threshold as well as wire transfers.

Criterion 29.3a and b

Criterion 29.3 a. The FIU may request for the communication, by any public authority and any natural or legal person, of information held by them and likely to enrich the STRs (art. 22 of AML/CFT Law n°12-008/AU). This information will be communicated within 5 days.

Criterion 29.3 b. The FIU has access on request to all information from the various State departments, law enforcement authorities as well as supervisory authorities (art. 19 and 22 of AML/CFT Law No. 12-008/AU, Article 3, paragraph 2 and 4th indent of Decree 20-145 establishing the AOF of the FIU).

Criterion 29.4a and b

Criterion 29.4 a. The FIU carries out operational analysis through the collection, analysis, enrichment and use of all information specific to establishing the origin or destination of the funds or the nature of the operations that have been reported or information received and to establish the nexus between these targets and possible proceeds of crime, ML/TF and the predicate offences (Art. 20 of AML/CFT Law no. 12-008 /AU, and art. 11 – 1st indent of Decree n°20-145 establishing the Responsibilities' and Organization of the FIU).

Criterion 29.4 b. - Completed - The FIU is also in charge of conducting strategic analyses. These strategic analyses will make it possible to identify risks and trends in ML/TF through the use of available information and data provided by other competent authorities (art. 11 - 6th indent of Decree no. 20-145 bearing AOF of the FIU).

Criterion 29.5-

The FIU is authorized to communicate information it holds on request. The information disseminated should be protected, exchanged and used securely (art. 20 para. 2 and art. 21 para. 2 of AML/CFT Law 12-008/AU). Furthermore, the dissemination of information and the results of FIU analyses to the competent authorities concerned is done spontaneously and on request (art. 18, 20 and 21 of AML/CFT Law 12-008/AU). However, no legal text specifies whether the channels used for the dissemination are actually secure and protected.

Criterion 29.6 a, b and c

Criterion 29.6 a. The Comorian legal system provides for the security and confidentiality of information held by FIU staff and its correspondents (art. 21 of AML/CFT Law 12-008/AU, arts. 13, 20 and 21 of Decree No. 20-145 establishing the Responsibilities' and Organization of the FIU). Furthermore, it provides for an information system service in charge of developing an IT security policy covering the processing, storage, dissemination, protection and consultation of information on AML/CFT. However, procedures are not effectively in place to guarantee the security and confidentiality of information received and processed by the FIU.

Criterion 29.6 b - The FIU staff take an oath before the Court of Appeal prior to assumption of duty (art. 21.2 of Decree No. 20-145 establishing the Responsibilities' and Organization of the FIU). All FIU staff and correspondents are required to comply with the confidentiality clause for all information received. The Law requires all staff to understand their responsibilities in handling and disseminating sensitive and confidential information. However, none of the Members of the FIU, let alone the correspondents, have taken the oath to date prior to assumption of duty. Also, the required confidentiality guarantees are not effective for the FIU staff.

Criterion 29.6 c. The rules on the security and confidentiality of information held by the FIU which limit access to its facilities and information, including its IT systems, are provided for by legislative clauses (art. 21 al 2 of AML/CFT Law 12-008/AU). However, these rules and procedures governing access to the FIU's installations and computer systems have not been outlined and effective.

Criterion 29.7 a, b, c and d

Criterion 29.7 a The FIU is an administrative authority placed under the supervision of the Minister of Finance, endowed with financial autonomy, operational independence and autonomous decision-making power on matters falling within its jurisdiction on the entire extent of the territory, in the processing of STRs and the dissemination of specific information (art. 2 of Decree n°20-145 establishing the Responsibilities' and Organization of the FIU).

Criterion 29.7 b The FIU is empowered to conclude memorandums of understanding, collaborate and exchange

information with national competent authorities or with foreign counterparts as part of national and international cooperation in the exchange of information. information on AML/CFT without hindrance (Art. 3 indent 11 of Decree no. 20-145 on the AOF of the FIU, Arts. 19 and 23 of AML/CFT Law 12-008/AU).

Criterion 29.7 c.

Criterion 29.7 d. The Comorian Law provides for the provision of financial resources to the FIU to perform its functions without this giving rise to any influence or interference likely to compromise its operational independence (art. 2 of Decree 20-145 on the AOF of the FIU).

Criterion 29.8-

The FIU is not yet a member of the Egmont Group and has not submitted any unconditional application for membership.

Weighting and conclusion

The FIU has broad prerogatives and powers. The confidentiality of information and respect for professional secrecy which are required of members of the FIU and its correspondents are guaranteed. However, the procedures/mechanisms are not effectively in place to guarantee the security and confidentiality of information, as well as the requirement for confidentiality to be respected by the staff and institutional correspondents of the FIU. Also, secure information exchange channels between the FIU and other national stakeholders are not defined and in place. The FIU is also not a Member of the EGMONT Group and does not have access to the secure channel for exchanging information among FIUs. The Comorian AML/CFT/PF legal system presents moderate gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Partially Compliant on Recommendation 29.

Recommendation 30 - Responsibilities of Law Enforcement Authorities

In its previous evaluation, the Union of the Comoros was rated Partially Compliant on Recommendation 30 (ex R.27). The factors justifying this rating were the imprecision of the specific investigation framework and the designation of the competent investigative authorities to conduct ML/TF investigations as well as the non-implementation. These deficiencies have been resolved by AML/CFT Law n°12-008/AU, AML/CFT Law n°21-004/AU, Law n°20-038/AU establishing the Penal Code promulgated by Decree n°21 - 018/PR of 16th February, 2021, Decree n°20-145 of December, 2020 establishing the responsibilities, organization and functioning of the FIU as well as Law n°13-015/AU of 26th December 2013 supplementing certain provisions of Law No. 08-018 of 25th July 2008 on the transparency of public, economic, financial and social activities (the anti-corruption Law).

Criterion 30.1 -

The State Prosecutor and his deputies represent the Public Prosecution Dept which conducts public action with a view to implementing the Law (Art. 39 and 40 of the CCP). In his capacity as Criminal Investigation Officer and Director of the Criminal Investigations Department (CID) as well as designated law enforcement authority, he conducts or causes to be conducted all the acts necessary for the investigation and prosecution of offences against criminal law, including ML, associated predicate offences and TF (Art. 41 of the CCP). All Criminal investigation activities conducted by Criminal investigation officers and agents and by officials and agents to whom certain Criminal investigation functions are assigned by Law, are conducted under his direction (art. 12, 13, 15 and 16 of the CCP). The State Prosecutor is therefore the prosecuting authority who does everything possible to ensure that all offences committed are investigated. Singularly, in matters of terrorism and related offences, a Legal Counter Terrorism Centre has been created (art. 34 of AML/CFT Law 21-004/AU). This specialized structure is staffed by magistrates and specialized Criminal Investigation Officers with jurisdiction to deal with these offences. The CID and State Prosecutor as well as the investigating judges of the Moroni High Court which hosts the specialized Legal centre have national jurisdiction to investigate and prosecute offences of terrorism, terrorist financing as well as other related offences (art. 32, 33, 35, 36 of AML/CFT Law 21-004/AU).

Criterion 30.2

The CID of the Union of the Comoros have the power to note violations of criminal law, gather evidence and seek out the perpetrators following the preliminary investigation procedure and on-site crimes within the limits where they usually exercise their functions under the authority of the State Prosecution Department (art. 14 to 18 of the CCP). They can, on their own initiative or on instructions from the State Prosecutor, initiate investigations relating to any type of predicate offence and conduct ML financial investigations in parallel with the said investigations (art. 14 and 41 of the CCP). The preparatory investigation is mandatory in criminal matters and optional in tort matters (art. 79 of the CCP). When seized by the State Prosecutor or upon complaint regarding the constitution of civil party, the investigating judge may conduct all the acts necessary to reveal the truth, which allows him to conduct financial investigations of ML in parallel investigations relating to the predicate offences with a view to identifying the perpetrators, co-perpetrators and accomplices and gathering the evidentiary elements (Art. 80 and 85 of the CCP). In terrorism cases and related offences, the State Prosecutors, investigating judges as well as the specialized Criminal Investigation Officers of the Moroni High court which houses the specialized Legal centre have national jurisdiction to conduct the parallel financial investigation of TF during their investigations into other predicate offences (Art. 32 to 36 of AML/CFT Law 21-004/AU).

Criterion 30.3

The investigating judge may prescribe preventive measures which order the seizure or confiscation of funds and assets in relation to the ML/TF offence which is the subject of the investigation. These measures also extend to all elements likely to make it possible to identify the offence as well as the freezing of sums of money and financial transactions relating to the said assets (art. 35, 36 of AML/CFT Law no. 12-008 /AU, arts. 38, 39, 81 of Law 21-004/AU, art. 97 of the CCP). The CID also has the power to seize assets subject or likely to be subject to confiscation or suspected of being the proceeds of crime (art. 56 of the CCP).

Criterion 30.4

The FIU is not a law enforcement authority *per se*, but it conducts financial investigations to gather evidence of predicate offences. The FIU conducts the financial investigation through the analysis and enrichment of the information it receives. In the performance of its functions, the FIU may use correspondents or within the police, gendarmerie, customs services, as well as the State Legal services and any other service whose assistance is deemed necessary in the context of AML/CFT (art. 19 of AML/CFT Law no. 12-008/AU). Furthermore, the Tax and Lands Department (AGID) as well as the customs services conduct financial investigations on tax offences (art. 1.11 and 1.12 of the General Tax Code) and customs offences (Art. 68 to 75 of the Customs Code).

Criterion 30.5

The National Commission for the Prevention and Fight against Corruption (CNPLC) of the Union of the Comoros has the power to conduct investigations into ML/TF based on the corruption offence or in connection with it (art. 7 of the Anti-Corruption Law No. 08-018 of 25th July 2008). Thus, the Commissioner General of the CNPLC and his deputy have the necessary powers vested in the CID according to the code of criminal procedure to conduct parallel ML/TF financial investigations as part of investigations into corruption and similar offences.

Weighting and conclusion

The AGID and Customs services are only authorized to conduct financial investigations into predicate offences falling within their respective areas of jurisdiction. The Comorian AML/CFT/PF legal system presents no gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Compliant on Recommendation 30.

Recommendation 31 - Powers of Law Enforcement Authorities

In its previous evaluation, the Union of the Comoros was rated Largely Compliant on Recommendation 31 (ex R. 28). The factors justifying this rating were the impossibility of carrying out searches to obtain documents or financial information. It is the same legal framework previously indicated for Recommendation 30 that has resolved the deficiencies identified.

Criterion 31.1 a, b, c and d -

The competent authorities, in particular State Prosecutors, Criminal Investigation Officers, investigating judges of the courts of first instance as well as prosecutors, investigating judges and Criminal Investigation Officers of the Legal Division specializing in matters of terrorism and related offences have the power to access all documents and information necessary for use in related investigations, prosecutions, and actions. They have the power to implement coercive measures:

Criterion 31.1 a. for the communication of authentic and private documents, banking, financial and business documents held by FIs, DNFBPs or other natural or legal persons in the context of ML/TF investigations (art. 31 of AML/CFT Law No. 12-008/AU, Criminal Investigation Officers, State Prosecutors as well as investigating judges may request for the disclosure of the same information in the context of ML/TF investigations as well as predicate offences (art. 60 of the CCP);

Criterion 31.1 b. to conduct or have conducted a search of a person and premises (Art. 53, 54, 75, 76, 92 and 93 of the CCP);

Criterion 31.1 c. for the collection of evidence (Art. 57, 61 and 101 of the CCP);

Criterion 31.1 d. for the seizure and securing of evidence of the offence (Art. 54, 76, 97 of the CCP).

Criterion 31.2 a, b, c and d

The State Prosecutor and the investigating judge may order:

Criterion 31.2 a - undercover operations (Art. 32 of AML/CFT Law no. 12-008/AU);

Criterion 31.2 b placing under surveillance or interception of communications, audio or video recording or photography of acts and actions or conversations, interception and seizure of mail (art. 31 of AML/CFT Law No. 12-008/AU and 46 of AML/CFT Law 21-004/AU);

Criterion 31.2 c access to computer systems, networks and servers (Art. 31 of AML/CFT Law no. 12-008/AU);

Criterion 31.2 d - controlled delivery (Art. 31 and 32 of the AML/CFT Law).

Criterion 31.3 a and b -

Criterion 31.3 a To determine without delay whether natural or legal persons hold or control accounts, the State Prosecutor and the investigating judge have the power without banking secrecy being invoked against them, to request FIs for information on the accounts of natural or legal persons (art. 34 of AML/CFT Law No. 12-008/AU). He files the request to them through Legal requisitions or simple Information requests (art. 60 of the CCP). The CID are also authorized to request for such information from the FIs for the same purposes under the supervision of the Judicial Authorities.

Criterion 31.3 b The Legal authority, as well as the investigators, can identify the assets without prior notification to the owner by simple Request for information or by Legal requisition (art. 60 of the CCP, arts. 28 and 34 of the AML/CFT Law No. 12-008/AU). In practice, natural and legal persons conduct requisitions for the purposes of identification and screening of LEAS assets without prior notice to the owners of the said assets.

Criterion 31.4

When conducting investigations into ML, associated predicate offences and TF, the competent authorities may request for all relevant information from the FIU (Art. 3 of Decree 20-145/PR of 4th December 2020).

Weighting and conclusion

The Comorian AML/CFT/PF system does not present any gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Compliant on Recommendation 31.

Recommendation 32: Cash Couriers

The Union of the Comoros was rated Non-Compliant on Recommendation 32 (ex SR. IX). The factors justifying this rating were the lack of an implementing provision for the declaration of cross-border physical transportation of cash, of legal provisions for the communication of information on the origin and use of the cash being transported, of legal provisions or procedural on the record keeping of information on the amount of cash and the identity of the smuggler, legal obligation for the information of the FIU in cases of cross-border transportation of cash in excess of the authorized ceiling, inaccurate information regarding the sanction of the person not declaring or falsely declaring the transportation of cash in excess of the authorized ceiling, of lack of legal measures making the cross-border transport of gold/precious metals included in the obligations of transporting cash and precious stones and the lack of a computerized database to allow customs services to save all reports prepared in a database. These deficiencies have been mainly taken on board by AML/CFT Law 12-008/AU, AML/CFT Law n°21-004/AU as well as the Law establishing the Customs Code.

Criterion 32.1

The Union of the Comoros has a declaration system for cross-border transportation of cash and bearer negotiable instruments (BNIs) applicable to passengers entering and leaving its territory. The threshold set by the Comorian authorities for this declaration is related to cash and BNIs in any amount greater than five million (5,000,000) Comorian francs or 10,162 Euros (art. 6 of Law n°12-008/AU of AML/CFT). The Comorian legislation provides for the obligation to declare assets for import and export for the purposes of assigning them a customs regime, which the national authorities use to impose the obligation to declare cash and BNIs for both travellers and passengers, by mail as well as freight (Art. 106 and 107 of the customs code).

Criterion 32.2 a, b and c

Any person involved in the cross-border physical transportation of cash or bearer negotiable instruments of a value equal to or greater than five million (5,000,000) Comorian francs (10,162 Euros) is required to make a written declaration in good faith, either electronically or verbally (art. 6 of AML/CFT Law No. 12-008/AU, art. 106 and 107 of the customs code).

Criterion 32.3

These requirements are not applicable because the Comorian legal system provides for a declaration system (See. analysis of criterion 32.2).

Criterion 32.4

In case of false declaration or non-declaration, the customs services may require from the of cash or BNI carrier, additional information on their origin and destination (art. 6 of AML/CFT Law n°12-008/ AU and 156 of the customs code).

Criterion 32.5

False declarations are subject to sanctions. Cash and bearer instruments likely to be associated with ML/TF are seized or withheld in full or in part of the value (art. 6 of AML/CFT Law No. 12-008/AU). The customs services which seize or withhold the entire amount of undeclared cash shall draw up a report of the findings. Offenders are liable to prison sentences ranging from one to five years and a fine equal to at least the amount and at most double the said amount without prejudice to the confiscation of the *corpus delicti* (art. 524 and 479 of the code of customs). These sanctions are proportionate and dissuasive.

Criterion 32.6

The customs administration, following the seizure of cash and BNI for non-declarations, false declarations due to suspicion of ML/TF, is required to file the information to the FIU for any purpose (Art. 6 of AML/CFT Law no. 12-008/AU).

Criterion 32.7

In the Union of the Comoros, the various agencies at the entry and exit points, especially at the Hahaya airport, collaborate in the performance of their respective functions. Indeed, at the Hahaya airport, the border police, customs, "airport manager", gendarmerie, etc. act in a complementary manner in performing their respective functions. This clearly indicates the existence of a satisfactory coordination mechanism for the exchange of information between the border police, the national gendarmerie and the customs administration in matters of illicit trafficking, including the transportation of cash and BNIs. Cash and BNI declarations received by customs are communicated to the FIU.

Criterion 32.8a and b

Criterion 32.8 a. The customs administration can block or withhold for 24 hours all cash or BNIs likely to be associated with ML/TF while trying to establish evidence for suspicion of ML/TF as well as predicate offences (Art. 6 para.3 of the AML/CFT Law and 396 of the 2015 Customs Code).

Criterion 32.8 b. Customs can also seize the entire amount of cash found for false declaration (art. 6 para. 3 of AML/CFT Law no. 12-008/AU). In this case too, it prepares a report.

Criterion 32.9 a, b and c

The international legal instruments to which the Union of the Comoros has subscribed enable it to conduct acts of cooperation and provide assistance in accordance with Recommendations 36 to 40 relating to mutual legal assistance, extradition, freezing and confiscation as well as all other forms of cooperation required in AML/CFT. The requirement for this purpose is compliance with certain conditions such as reciprocity, respect for State sovereignty, security and public order (art.56 to 77 of AML/CFT Law No. 12-008)/AU). To facilitate such cooperation, the customs administration keeps cash or BNI declaration statistics as well as reports of seizures made in cases of:

Criterion 32.9 a. declarations for amounts exceeding the prescribed ceiling of five million (5,000,000) Comorian francs, or 10,162 Euros;

Criterion 32.9 b. non-declaration, false declarations;

Criterion 32.9 c with suspicion of ML/TF.

Criterion 32.10

Data on cash and BNI declarations collected by the customs administration are shared with the FIU, which can use them to conduct investigations or for other useful purposes (Art. 6 of the AML/CFT Law). However, the Comorian legal system does not specify how this sharing of information between customs and the FIU should be done. The non-existence of the withholding period for cash or BNI following a failure to declare or false declaration due to suspicion of ML/TF may hinder payments relating to exchanges of assets or services between countries as well as the free movement of capital.

Criterion 32.11

Cash or BNI can be seized in whole or in part for non-declaration or false declaration when they are likely to be associated with ML/TF. The accused may be liable to a prison sentence of three (03) to ten (10) years for ML, and a fine of up to five times the value of the assets or funds involved in the ML operations (art. 39 of AML/CFT Law no. 12-008/AU, art. 545 of the PC). For TF, suspects are liable to fifteen to twenty years of imprisonment and a fine equal to at least five times the value of all funds or assets involved (Art. 548 of the PC). A verdict may also be delivered in favour of the State, subject to the rights of bona fide owners, for the confiscation of all assets used or intended to be used to commit the offence and that of the proceeds of the offence as well as the confiscation in value, where applicable (Art. 560 of the PC). These sanctions are proportionate and dissuasive.

Weighting and conclusion

The enactment of AML/CFT Law No. 12-008/AU enabled the Union of the Comoros to resolve several deficiencies relating to the cross-border physical transportation of cash and BNIs. However, there is no coordination mechanism between customs, immigration police and other departments. There is also no provision on how to share information between the FIU and customs within the framework of R. 32. The Comorian AML/CFT/PF system presents minor gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Largely Compliant on Recommendation 32.

Recommendation 33 – Statistics

Recommendation 33 (ex R. 32) was rated Non-Compliant during the previous evaluation of the Union of the Comoros due to the lack of statistics to measure the effectiveness of the AML/CFT regime. The current legal framework does not provide for any improvement in this gap.

Criterion 33.1 a, b, c and d-

Criterion 33.1 a The Union of the Comoros maintains comprehensive statistics on STRs received and disseminated.

Criterion 33.1 b - The Comoros maintains statistics on investigations, prosecutions and convictions relating to ML/TF. However, those statistics do not appear to be comprehensive

Criterion 33.1 c The Union of Comoros does not maintain statistics on frozen, seized or confiscated assets in the context of AML/CFT.

Criterion 33.1 d. - The Directorate of Legal and Political Affairs of the Ministry of Foreign Affairs and the Department of Legal Affairs at the Ministry of Justice do maintain statistics on mutual legal assistance requests issued and received. The FIU also maintains statistics on Information requests issued or received from foreign FIUs. However, those statistics do not appear to be comprehensive.

Weighting and conclusion

. The Union of the Comoros maintains statistics on STRs, investigations, prosecutions and convictions, mutual legal assistance and extradition in respect of AML/CFT, with the exception of frozen, seized and confiscated assets. The AML/CFT/PF legal system of the Union of the Comoros presents moderate gaps regarding the requirements of this Recommendation.

The Union of the Comoros is rated Largely Compliant on Recommendation 33.

Recommendation 34 – Guidance and Feedback

Recommendation 34 (ex R. 25) was rated Non-compliant during the previous evaluation of the Union of the Comoros. The main gaps noted were the lack of guidelines to assist in the implementation and compliance of AML/CFT obligations and the lack of feedback. The provisions of AML/CFT Law No.008/AU stipulate that the supervisory authorities shall issue guidelines and provide feedback to FIs and DNFBPs.

Criterion 34.1

The authorities publish guidelines or recommendations designed to help FIs comply with their AML/CFT obligations (Art. 24 of Law No. 12-008/AU on AML/CFT). In this context, the BCC has published guidelines on the implementation of AML/CFT due diligence measures for all FIs. It has also published guidance notes and guidelines on AML/CFT measures relating to wire transfers. All these guidelines are available on the BCC website. It also provides feedback to FIs on the findings of the inspections conducted. Besides, the FIU provides feedback on the implementation of AML/CFT obligations, particularly on STRs during sensitization and training workshops organized almost every year for FIs and DNFBPs. However, no guidelines have been developed for DNFBPs to facilitate the understanding and implementation of AML/CFT preventive measures, including suspicious transactions reporting. **Weighting and conclusion**

The BCC has issued guidelines for FIs, including insurance. The FIU and BCC provide feedback on STRs and findings of inspection conducted. However, no guidelines have been developed for DNFBPs. The AML/CFT/PF legal system of the Union of the Comoros presents moderate gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Partially Compliant on Recommendation 34.

Recommendation 35 – Sanctions

Recommendation 35 (ex R. 17) was rated non-compliant during the previous evaluation of the Union of the Comoros. This rating was justified by the lack of effective, proportionate and dissuasive financial sanctions for banks and financial institutions and the non-implementation of the prescribed obligations. These inadequacies have somehow been resolved by AML/CFT Law No. 12-008/AU.

Criterion 35.1

The Union of the Comoros, in its legislative arsenal, has provided for ranges of criminal sanctions accompanied by fines applicable to FIs and DNFBPs as well as their managers who do not comply with AML/CFT obligations (art. 45 to 48 of AML/CFT Law No. 12-008/AU, Articles 98 to 99 of AML/CFT Law No. 21-004). These criminal sanctions are proportionate and dissuasive. With regard to administrative sanctions, where, as a result of either a serious lack of due diligence, or a deficiency in the organization of its internal ML/TF prevention procedures, an FI or DNFBP has disregarded the AML/CFT obligations assigned to it, the supervisory authority having disciplinary power may act *ex officio* under the conditions provided for by the specific legislative and regulatory texts in force (art.24.2 and 44 of AML/CFT Law no. 12-008 /AU). However, there are no administrative, disciplinary and financial sanctions provided for by Law No. 13-003-AU on the Banking Act which are clearly established in direct link with the AML/CFT obligations (art. 65 and 66). Similarly, there is no legislative or regulatory provision defining the ranges of proportionate and dissuasive disciplinary sanctions for violations of AML/CFT obligations in the insurance and DNFBP sectors.

Criterion 35.2

Criminal sanctions are applicable not only to FIs and DNFBPs, but also to members of the administrative body and senior management. Regarding administrative, disciplinary and financial sanctions, the lack of legislative or regulatory provision clearly defining them for violations of AML/CFT obligations both for the FI sector and that of DNFBPs made it difficult for the Assessment Team to assess their impact on the members of the governing bodies of FIs and DNFBPs.

Weighting and conclusion

The Comorian legal system provides for administrative and criminal sanctions with fines applicable to FIs and DNFBPs as well as their managers for failure to comply with AML/CFT obligations. On the other hand, the administrative, disciplinary and financial sanctions applicable to FIs are not clearly established in direct relation to violations of AML/CFT obligations. There is also no range of proportionate and dissuasive disciplinary sanctions for violations of AML/CFT obligations in the insurance and DNFBP sectors.

The Union of the Comoros is rated Partially Compliant on Recommendation 35.

Recommendation 36 - International Instruments

The Union of the Comoros was rated Partially Compliant on this Recommendation (ex rec. 35 and SR. I) during its previous evaluation. The factors justifying this rating were associated with the non-ratification of the additional protocols to the United Nations Convention against Transnational Organized Crime and the non-domestication of the provisions of the Vienna and Palermo conventions. Apart from adding the Mérida Convention to this Recommendation, the criteria remain identical despite the revision of the FATF standards in 2012. The Union of the Comoros has strengthened its legal system in this area by ratifying the Mérida Convention and the United Nations Convention for the Suppression of Terrorist Financing, as well as the Supplementary Protocols to the Palermo Convention.

Criterion 36.1 –

The Union of the Comoros is a Party to the Vienna Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (accede on 1st March 2000), to the United Nations Palermo Convention against Transnational Organized Crime (acceded on 25th September, 2003), the Mérida Convention against Corruption (ratified on 11th October, 2012) and the Convention for the Suppression of Terrorist Financing (ratified on 25th September, 2003).

Criterion 36.2

The Union of the Comoros has, to a large extent, implemented the Vienna, Mérida, Palermo Conventions and the for the repression of terrorist financing by adopting the following legislative texts:

- Law n°08-018/AU of 25th July 2008 on the transparency of public, economic, financial and social activities, and Law n° 13-015/AU of 12/26/2013 supplementing certain provisions of Law 08- 018/AU;
- AML/CFT Law No. 12-008/AU of 28th June, 2012;
- Law No. 20-038/AU of 29th December 2020 establishing the new Penal Code (criminalizing the participation in an organized criminal group, terrorism, piracy, migrants' smuggling, human trafficking, money laundering, drug trafficking and corruption);
- Law n°21-004/AU of 29th June 2021 on Counter Terrorism and its financing, as well as the repression of money laundering;

The above legislative provisions take into account most of the offences provided for by the Vienna and Mérida Conventions respectively against illicit trafficking in narcotics and psychotropic substances, and against corruption.

However, the provisions of the two aforementioned Conventions on the use of special techniques, particularly controlled deliveries (art. 11 Vienna Convention – Article 50 Mérida Convention) to investigate the offences provided for by these international legal instruments are yet to be domesticated into the Comorian legal system.

Weighting and conclusion

The Union of the Comoros is a Party to the Vienna, Palermo, Mérida Conventions and the Convention for the repression of TF, and has, to a lesser extent, implemented the relevant provisions that are required to institute the broadest mutual legal assistance possible. Most of the categories of offences covered by these legal instruments have been reflected in the Comorian Penal Code, but the institutional framework required to combat corruption is yet to be put in place and the provisions of the Vienna and Mérida Conventions on the use of special investigation techniques, particularly controlled delivery, are yet to be domesticated into the Comorian legal system. The Comorian AML/CFT/PF system presents minor gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Largely Compliant on Recommendation 36.

Recommendation 37 – Mutual Legal Assistance

The Union of the Comoros was rated Partially Compliant on Recommendation 37 (ex R. 36 and SR. V) during its previous evaluation, due to the dual criminality requirement for mutual legal assistance and the lack of legal provision determining that mutual legal assistance is granted in implementation of less intrusive and non-binding measures. The lack of simplified mechanisms enabling mutual assistance to be provided without delay in a constructive and efficient manner, and of rules of judicial cooperation allowing the seizure of assets relating to procedures followed in foreign countries, were noted as deficiencies. Since then, the country has adopted legislations to further comply with the requirements of this Recommendation.

Criterion 37.1

The legal system details, in several points, the acts of mutual assistance likely to be conducted by the competent authorities, including investigations (searches and seizures, collection of evidence, location of proceeds of crime), prosecutions, and related procedures such as the submission of legal documents and other relevant documents, as well as access to relevant information on legal persons and associations (Art. 57 AML/CFT Law 12-008/AU), to respond as quickly as possible to requests for mutual legal assistance. This legal framework, coupled with the bilateral and multilateral agreements signed by the Union of the Comoros, makes it possible to provide the broadest possible mutual legal assistance.

Criterion 37.2

The Union of the Comoros has not to date proven to have designated a central authority in charge of transmitting and monitoring the effective execution of Requests for mutual assistance. However, the Ministry of Justice is the authority in charge of receiving and transmitting Requests for mutual legal assistance through the Directorate of Political and Legal Affairs. However, the country has not put in place clear procedures for prioritizing and diligently executing requests for assistance received, and a system for monitoring their processing.

Criterion 37.3

The Union of the Comoros does not attach any unreasonable or unduly restrictive conditions to the execution of any request for mutual assistance.

Criterion 37.4a and b -

Criterion 37.4 a- Tax considerations do not constitute any grounds for refusing to execute a request for mutual assistance (art. 58 of AML/CFT Law No. 12-008).

Criterion 37.4 b- Banking or professional secrecy cannot be invoked to refuse any request for mutual assistance (art. 58 of AML/CFT Law No. 12-008).

Criterion 37.5

Under the relevant legal provisions, the competent authority maintains secrecy on extradition request when required. Where it is impossible to execute the request without lifting the secrecy of the content of the request, the competent authority informs the requesting country without delay (Art. 67 of AML/CFT Law 12-008). However, this confidentiality requirement is not explicitly provided for in other forms of mutual legal assistance.

Criterion 37.6

The Comorian legislation does not require dual criminality in mutual legal assistance if the measures requested for do not involve coercive actions (Art.58 of AML/CFT Law).

Criterion 37.7

Where dual criminality is required, the terminology to designate the offence is not taken into account since the characteristic elements of the crime or misdemeanour are criminalized (Art. 58-d of AML/CFT Law 12-008).

Criterion 37.8a and b

Criterion 37.8 a The competent Comorian authorities have the requisite powers to request for the production, search and seizure of information, documents or evidence, and to collect witness statements as part of the responses, if necessary, to any request for mutual legal assistance (Art.57 of AML/CFT Law No. 12-008).

Criterion 37.8 b A wide range of other investigative techniques and powers provided for by the provisions of AML/CFT Law No. 12-008/AU and the Code of Criminal Procedure may be used by the Law Enforcement Authorities for the execution of requests for mutual legal assistance (art. 31 to 33).

Weighting and conclusion

The Comorian legal and institutional system makes it possible to quickly provide the broadest possible range of mutual legal assistance. Indeed, the Minister of Justice has been designated as the authority in charge of receiving, sending and monitoring the execution of requests for mutual legal assistance. This Ministry relies on the Directorate of Legal Affairs which ensures the execution of all requests for mutual assistance it transmits to the competent authorities, which have all the powers of inquiry and investigation to secure the requisite responses in absolute confidentiality. However, the country has not put in place any clear procedures for establishing priorities and diligently executing requests for assistance received, as well as a system for monitoring the processing of requests for mutual assistance. Furthermore, it is not clearly specified whether the country is required to keep requests for mutual assistance and their contents confidential, apart from extradition requests.

The Comorian AML/CFT/PF legal system presents minor gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Largely Compliant on Recommendation 37.

Recommendation 38 - Mutual Legal Assistance: freezing and confiscation

The Union of the Comoros was rated partially Compliant on Recommendation 38 during its previous evaluation. This rating was justified by the lack of provision for preventive measures such as identification, freezing or seizure to respond effectively and without delay to requests for mutual legal assistance made by foreign countries, as well as measures designed to allow the coordination of seizure and confiscation of assets with other countries. Some of the deficiencies identified have been resolved by the provisions of AML/CFT Law No. 12-008/AU.

Criterion 38.1 a, b, c, d and e

The competent authorities are empowered to take expeditious actions in response to requests from foreign countries to identify, freeze, seize and confiscate, particularly through acts of investigation (searches, collection of evidences and statements, etc.), preventive seizures, freezing measures and acts of criminal prosecution (art. 57, 60 and 61 of AML/CFT Law 12-008/AU, Art. 81 of AML/CFT Law 21-004/AU, Art. 560 of AML/CFT Law 20-038/AU establishing the Penal Code). These procedures are applicable to:

- Laundered Assets (a);
- Proceeds of ML, predicate offences and TF (b);
- Instrumentalities used (c); or
- Assets of equivalent value.

On the other hand, the confiscation of instrumentalities intended to be used in the commission of these offences is not provided for by these relevant texts (d).

Criterion 38.2

The Union of the Comoros can provide assistance in the context of requests for cooperation within the framework of non-conviction-based confiscation procedures, including when the request is filed in circumstances where the

perpetrator of the offence is dead, on the run, absent or unknown (art. 51.3 of AML/CFT Law No.008/AU and 560.2 of Law 20-038/AU on PC).

Criterion 38.3

The Union of the Comoros has not signed any cooperation agreement with other countries to coordinate seizure and confiscation measures of criminal assets. However, the country disposes of assets confiscated on its territory at the request of any foreign country, unless an agreement concluded with the requesting State decides otherwise. An agreement has also been concluded to this effect with Madagascar, and with France subject to reciprocity. However, the Union of the Comoros has no mechanism to manage and, where necessary, dispose of assets other than cash and frozen, seized or confiscated gold entrusted to the Central Bank of the Union.

Criterion 38.4 –

The possibility of sharing confiscated assets with other countries, particularly where the confiscation is the direct or indirect result of coordinated actions, is not explicitly provided for in the Comorian legal system.

Weighting and conclusion

The Comorian legal and institutional system gives broad powers to the competent authorities to diligently take appropriate actions, in response to requests from foreign countries, to locate, identify and hand over the proceeds of crime to the Judiciary, with a view to their confiscation, including when the Request is based on confiscation procedures without prior conviction in circumstances where the offender is dead, on the run, absent or unknown. On the other hand, the confiscation of instrumentalities intended to be used in the commission of these offences is not provided for. The legal system does not provide for sharing confiscated assets and has not signed any agreement to coordinate actions for the seizure and confiscation of criminal assets with foreign countries. Besides, the country has no mechanism to manage seized assets apart from cash and gold bars and other precious metals entrusted to the Central Bank of the Union which plays the role of consolidated revenue fund.

The Comorian AML/CFT regime presents moderate deficiencies with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Partially Compliant on Recommendation 38.

Recommendation 39 – Extradition

The Union of the Comoros was rated Partially Compliant on Recommendation 39 during its previous evaluation, mainly because of the dual criminality requirement which limited the possibility of responding favourably to any extradition request for certain predicate offences to money laundering which was not criminalized. The Union of the Comoros has since taken steps to address some of the gaps, particularly with the enactment of AML/CFT Law 12-008/AU and Law 20-038/AU on the new Penal Code, with provisions that now facilitates the execution of any extradition request without undue delay.

Criterion 39.1 a, b, and c

Criterion 39.1 a The Comorian legal system provides for the possibility of executing any extradition request related to persons prosecuted for ML/TF or finally convicted by the courts of the requesting country (art. 63 of AML/CFT Law n°12- 008/AU, Art. 73 of AML/CFT Law 21-004/AU)

Criterion 39.1 b - The Union of the Comoros has no system for managing extradition requests and clear procedures for their diligent execution, including a prioritization system.

Criterion 39.1 c The Union of the Comoros does not attach unreasonable or unduly restrictive conditions to the execution of any extradition request.

Criterion 39.2 -

The Comorian legal system nowhere explicitly provides for a ban on extraditing its nationals. In cases where the country refuses to extradite a person prosecuted for Terrorism and TF, the legal system requires it to submit the case without delay to the Comorian courts so that prosecutions relating to the offences mentioned in the request can be initiated (Art.75 of AML/CFT Law 21-004/AU).

Criterion 39.3

Dual criminality is a requirement for executing any extradition request. However, it is not necessary for the requesting country to classify the offence in the same category or use the same terminology to designate the offence, as long as the characteristics of the offence are common (Art. 58 of AML/CFT Law No. 12-008/AU).

Criterion 39.4

Simplified extradition procedures are provided for by the Comorian legal system (Art. 68 and 71 of AML/CFT Law No. 12-008/AU). Through these provisions, the Union of the Comoros may grant extradition on receipt of a request for provisional arrest filed either through the IPCO/Interpol channel, or directly to the Judicial Authorities of the Union of the Comoros or by Post, or by any other means of rapid transmission leaving a written or materially equivalent trace (art. 68 and 71 of AML/CFT Law No. 12-008/AU).

Weighting and conclusion

The legal framework of the Union of the Comoros allows it to execute without undue delay all extradition requests received from foreign countries relating to persons prosecuted or convicted for acts of ML/TF or associated predicate offences. However, the Union of the Comoros has no case management system and clear procedures for the diligent execution of extradition requests, including a prioritization system. The Comorian AML/CFT/PF system presents minor gaps with regard to the requirements of this Recommendation.

The Union of the Comoros is rated Largely Compliant on Recommendation 39.

Recommendation 40 - Other Forms of International Cooperation

The Union of the Comoros was rated Partially Compliant on Recommendation 40 during its previous evaluation, due to the limited investigative powers of the FIU and other competent authorities on behalf of their respective counterparts, and the possibility of spontaneous exchange of information. The Monitoring and Supervisory authorities also had no in-depth cooperation with their foreign counterparts. Besides, AML/CFT cooperation mechanisms were not implemented. The current provisions of Law No. 12-008/AU improve the legal and institutional framework for international cooperation in AML/CFT and resolve some of the deficiencies identified.

Criterion 40.1

The competent authorities in this case the FIU, the Law Enforcement Authorities, the customs and the Supervisory authorities have the possibility of issuing the broadest possible international cooperation and quickly within the framework of ML, offences underlying associated and FT. The Union of the Comoros has been a Member of the IPCO/Interpol since 1998, of the World Customs Organization (WCO) recently in March 2022, and has concluded cooperation agreements with several countries. The Comorian legal framework does not provide for the possibility of spontaneously exchanging information within the framework of this international cooperation.

Criterion 40.2 a, b, c, d and e

Criterion 40.2 a. International cooperation is implemented in accordance with the provisions of AML/CFT Law No. 12-008/AU;

Criterion 40.2 b This cooperation is implemented through formal mechanisms of cooperation agreements signed between national stakeholders and their foreign counterparts (Art. 23 Law n°12-008/AU). In this regard, the FIU has signed bilateral cooperation agreements with its foreign counterparts. Private sector monitoring and supervisory authorities can provide rapid and effective cooperation to their foreign counterparts (Art. 24.3-h of Law 12-008/AU). The Union of the Comoros being a member of the IPCO/Interpol and the WCO, the Law enforcement authorities as well as the customs administration have a formal framework for international cooperation with their counterparts.

Criterion 40.2 c Clear and secure channels and circuits are used to some extent by competent authorities to facilitate cooperation. In this regard, the investigative authorities (national police and gendarmerie) use the secure I-24/7 network for exchanges between National Central Offices/INTERPOL. Customs authorities, for their part, use the WCO's secure network to exchange and communicate with their foreign counterparts. As for the supervisory authorities, particularly in the financial sector, no information has been provided to assess their procedures and cooperation mechanisms with their foreign counterparts. On the other hand, the FIU is not a Member of the Egmont Group and therefore does not use the Egmont secure Web network to exchange with its counterparts and has no secure IT system for this purpose.

Criterion 40.2 d - The Union of the Comoros has not put in place clear procedures to prioritize the diligent execution of cooperation requests.

Criterion 40.2 e The procedures for the protection of information received as part of this cooperation are provided for (Art. 20, 21, 67 para. 2 and 76 of AML/CFT Law No. 12-008). These mainly include confidentiality requirements, information access and disclosure requirements, protection of private life as well as fundamental freedoms. The same rules of protection and confidentiality are prescribed by the Statutes of the IPCO/Interpol and the WCO.

Criterion 40.3 -

The FIU of the Union of the Comoros may negotiate and sign bilateral or multilateral agreements or arrangements without delay with its foreign counterparts (Art. 23 of AML/CFT Law No. 12-008/AU). Investigative authorities and customs have the same capacity as their foreign counterparts, with whom they can generally communicate without delay even if there is no signed agreement, through the IPCO/Interpol and WCO Statutes respectively. The BCC may negotiate and sign agreements with its foreign counterparts without delay in its capacity as financial sector monitoring and supervisory authority (art. 34.1 of Banking Act No. 13-003/AU).

Criterion 40.4

The Comorian system does not explicitly provide for any mechanism for feedback of information upon request, from the requesting competent authorities to the requested competent authorities regarding the use and usefulness of the information received. There are also no guidelines that mandate such feedback and no practical examples have been provided to support this possibility despite the lack of legislation.

Criterion 40.5 a, b, c and d -

The Union of the Comoros does not prohibit or attach unreasonable or unduly restrictive conditions to the exchange of information among competent authorities (Art.58 of AML/CFT Law No. 12-008/AU).

Criterion 40.5 a – The Union of the Comoros cannot reject any cooperation request on the sole ground that the offence for which this request is issued is considered as also affecting tax issues (art. 58 of AML/CFT Law no. 12-008).

Criterion 40.5 b No request for mutual assistance may be rejected for reasons of confidentiality or professional secrecy (Art. 58 para. 2 of AML/CFT Law 12-008).

Criterion 40.5 c - Mutual legal assistance may be rejected where the facts to which it relates are the subject of criminal proceedings or have already been the subject of a final court verdict on the national territory (Art. 58 para. 1.c of AML/CFT Law 12-008).

Criterion 40.5 d The request for mutual assistance from any foreign authority is only rejected if this authority has no jurisdiction (art. 58 para. 1.b of AML/CFT Law 12-008), and therefore accepted regardless of the nature or status of the requesting authority (civil, administrative and legal, etc.).

Criterion 40.6

Nothing indicates in the Comorian legal system that the competent authorities (FIU, monitoring and supervisory authorities, investigative and prosecutorial authorities) are required to ensure that the information exchanged with their foreign counterparts is not used by these authorities only for the reasons for which it was requested and for the purposes for which it was provided, unless prior approval is given by the requested competent authority.

Criterion 40.7

The Union of the Comoros has not provided any evidence to establish that it guarantees in its legal system the protection of privacy and personal data received from foreign or even national sources. However, guarantees of protection and confidentiality of information received are generally provided for (see analysis 40.2 e).

Criterion 40.8

The FIU has the requisite powers to formulate requests on behalf of a foreign counterpart, and to exchange with their foreign counterparts any information that could be obtained internally (Art. 23 of AML/CFT Law No. 12-008/AU). Criminal investigation officers may also, at the request of their counterparts, use their investigative powers to request for the required information and communicate it to them as well as to customs officers. Also, the monitoring and supervisory authorities of reporting entities may, within the framework of their powers, obtain information and exchange it with their counterparts.

Exchanges of information between FIUs

Criterion 40.9

The FIU of the Union of the Comoros may cooperate appropriately on cases of ML, associated predicate offences and TF (Art. 23 of AML/CFT Law 12-008/AU). This cooperation allows the exchange of information with all counterpart FIUs regardless of their nature, subject to reciprocity.

Criterion 40.10

The Comorian AML/CFT legal system does not explicitly provide for feedback from the FIU to its counterparts regarding the use of the information it received from them and the result of the analysis conducted based on the said information.

Criterion 40.11a and b

Based on the provisions contained in the AML/CFT Law 12-008/AU (Art. 23):

Criterion 40.11 a The FIU can exchange any information that it can access or obtain directly or indirectly.

Criterion 40.11 b It may also exchange any other information obtained directly or indirectly, at domestic level, subject to the principles of reciprocity.

Exchanges of information among financial sector supervisory authorities

Criterion 40.12

Supervisory authorities of FIs are required to provide prompt and effective cooperation with bodies performing similar functions in foreign countries, including through the exchange of information relating to supervision for AML/CTF purposes or relevant to this purpose (Art. 24.3-h of AML/CFT Law no. 12-008/AU; art. 34.1 of Banking Act No. 13-003/AU).

Criterion 40.13

Financial sector supervisory authorities may share with their counterparts any information they have at domestic level,

particularly the one held by FIs, in line with their respective needs (Art. 24 of Law 12-008/AU of AML/CFT, art. 34 of Banking Act n°13-003/AU).

Criterion 40.14

Financial sector supervisory authorities may provide rapid and effective cooperation to bodies performing similar functions in other foreign States, including through the exchange of information (Art. 13 of the BCC Statutes, art. 24 of AML/CFT Law 12-008/AU, art. 34 of Banking Act no. 13-003/AU and signed partnership agreements), including:

- a. Regulatory information;
- b. Prudential information;
- c. AML/CFT information.

Criterion 40.15

Financial sector supervisory authorities have the legal authority to seek information on behalf of their foreign counterparts. However, no regulatory text or agreement authorizes the requesting competent authority to seek the required information itself.

Criterion 40.16 –

The provisions of the partnership agreements signed by the BCC with the UEMOA Banking Commission (Article 6), the APCR (Article IV), the Central African Banking Commission (Article 14) and the Central Bank of Mauritius (Article 11) requires Comorian supervisory authorities to obtain prior approval from their counterparts before exchanging information obtained from them or using it for supervisory or other purposes, unless legally required to do so.

Information Exchange among Law Enforcement Authorities

Criterion 40.17

Law Enforcement authorities are empowered to exchange any information to which they have access at domestic level with their foreign counterparts for intelligence purposes or investigations in the context of ML/TF cases or associated predicate offences, including for the purpose of identifying and detecting the proceeds and instrumentalities of crime (Art. 57 to 61 of AML/CFT Law No. 12-008/AU). In this regard, they can conduct any investigative acts (collection of evidence, searches, tapping, seizure) and exchange any information obtained with their counterparts.

Criterion 40.18

Law enforcement authorities may use their investigative powers and relevant techniques to obtain information on behalf of their foreign counterparts (Art. 57 to 61 of AML/CFT Law No. 12-008/AU). As a result, they can collect evidence, interview people, search and conduct seizures in order to obtain information on behalf of their counterparts. Furthermore, the restrictions on its use likely to be imposed by these law enforcement authorities are taken into account in the Statutes of the IPCO/Interpol of which the Union of the Comoros is a member. The IPCO/Interpol Secretariat has a case file processing unit which reviews the information received from Member States to ensure its protection and compliance, before being disseminated, with all the restrictions on its use imposed by the law enforcement authorities of the country that provided the said information.

Criterion 40.19-

The Comorian law enforcement authorities have no legal authority to establish joint investigation teams to conduct investigations in a cooperative manner and, where necessary, establish bilateral or multilateral agreements to authorize such joint investigations.

Information Exchange among other Counterpart Authorities

Criterion 40.20

The Assessment Team could not establish that the competent Comorian authorities have a legal basis to indirectly exchange information with non-counterpart foreign authorities, even though there is nothing to prevent this in practice. Furthermore, there is no explicit requirement for the competent authority requesting information indirectly to clearly indicate the purpose of the request or the entity on whose behalf the request is made.

Weighting and conclusion

The FIU, investigative authorities, customs administration and the Supervisory authorities have the possibility of providing the broadest possible international cooperation in ML/TF and similar offences in accordance with the requirements of the standards. However, this possibility provided by the Comorian system is compromised by the impossibility to spontaneously exchange information; clear procedure to prioritize the diligent execution of cooperation requests; possibility of feedback on request; legal framework guaranteeing the protection of privacy and personal data received from foreign or even domestic sources and a legal or conventional basis for establishing joint investigation teams in order to conduct investigations in a cooperative manner and, where necessary, establish bilateral or multilateral agreements to authorize such joint investigations. The Comorian AML/CFT/PF legal framework presents moderate deficiencies with regard to the requirements of this FATF Recommendation 40.

The Union of the Comoros is rated Partially Compliant on Recommendation 40.

Technical Compliance

Summary – Key Deficiencies

Appendix A Table. Compliance with the FATF Recommendations

Recommendations	Rating	Factor(s) underlying the rating
1. Risk assessment and implementation of risk-based approach	PC	- No provision requires the country to identify and assess its ML/TF risks and keep them up to date - No measure provides for the application of a risk-based approach in the implementation of identified ML/TF risk mitigating measures - No provision requires FIs and DNFBPs to apply enhanced measures to manage and mitigate high risks identified by the country
2. National cooperation and coordination	PC	- The national coordinating committee is not inclusive because some competent authorities as well as the private sector are absent - Lack of cooperation with authorities in charge of data protection and privacy - The national cooperation and coordination framework does not include counter PF
3. Money laundering offences	C	The criminalization of ML and the related requirements are comprehensively taken on board by the Comorian legal system.
4. Confiscation and preventive measures	LC	There are no measures aimed at preserving the capacity of actors in the criminal justice chain to freeze, seize or recover assets. There is also no mechanism for managing seized and confiscated assets.
5. Terrorist financing offence	C	The Comorian legal system does not present any deficiencies with regard to the requirements of this Recommendation
6. Targeted financial sanctions related to terrorism and terrorist financing	PC	- The intervention of the Director of the FIU through a freezing decision, the nature and modalities of which are not specified, implies that the TFS taken under UNSCR 1267 and subsequent ones cannot be implemented without delay; - The mechanism put in place is not specific and does not allow communication of sanctions lists to reporting entities without delay; - The modalities for the publication of procedures for delisting and releasing funds and other economic and financial resources of designated persons and entities are neither clearly defined nor effective; - The lack of guidelines for reporting entities to help them implement all their TFS obligations and procedures for requesting access to funds and other economic and financial resources of persons and entities designated under this UNSCR 1373.
7. Targeted financial sanctions related to proliferation	PC	- The intervention of the Director of the FIU through a freezing decision, the nature and modalities of which are not specified, implies that the TFS taken under 1718, 2231 and subsequent ones cannot be implemented without delay; - The mechanism put in place is not precise and does not allow

Recommendations	Rating	Factor(s) underlying the rating
		communication of the lists of targeted financial sanctions to reporting entities without delay; • The modalities for the publication of procedures for delisting and releasing funds and other economic and financial resources of designated persons and entities are neither clearly defined nor effective; • The lack of guidelines for reporting entities to help them implement all their TFS obligations under UNSCR 1718, 2231 and subsequent ones; • • Lack of mechanism allowing for interest and other payments due under agreements or obligations arising prior to the date on which these accounts were subject to the provisions of Resolutions 1718 or 2231 and subsequent ones, to be added to frozen accounts.
8. Nonprofit organizations	NC	• Lack of risk-based approach to the regulation and supervision of NPOs; • Non-definition of the obligation, procedure and frequency of identification and review of risks and vulnerabilities in the NPO sector; • Lack of designated AML/CFT monitoring and supervisory authority for NPOs; • Lack of mechanism for reporting TF-related facts involving NPOs without delay; • • Lack of national cooperation mechanism for the exchange of relevant information on NPOs among national actors and with foreign countries.
9. Professional secrecy Laws for financial institutions	C	This criterion is met
10. Customer due diligence	PC	• Failure to issue the Order establishing the threshold relating to the unit or cumulative amount of occasional transactions provided for under the AML/CFT Law No. 12-008/AU in the conduct of customer due diligence, when they carry out occasional transactions. • No obligation for legal arrangements to identify the customer (whether permanent or occasional and whether a natural or legal person) and to verify their identity by means of documents, data or information of reliable and independent sources. • FIs are not explicitly required to understand the purpose and nature of the business relationship. • FIs are not required to ensure the relevance of information or documents obtained in the exercise of the duty of vigilance, in particular for categories of clients presenting higher risks. • FIs are not explicitly required to understand the nature of the activities of legal entity or legal arrangement customers. • The of obligation for FIs to verify, by any means, the identity of the natural person(s), if they exist, exercising control of the legal person, where there is doubt as to whether the person(s) with a controlling interest is the beneficial owner(s), or where no natural

Recommendations	Rating	Factor(s) underlying the rating
		person(s) exercise control through shareholding. - There is no provision for verifying the identity of the beneficial owners of legal entity clients using information relating to the identity of the relevant natural person who occupies the position of principal manager, where no natural person is identified in the implementation of points (a) or (b) of criterion 10.10. - For beneficiaries designated by characteristics or by category or by other means, FIs are not required to obtain adequate information about the beneficiaries so that they are certain to be in a position to establish their identity at the time of the benefits' payment. - There is no legal provision to meet criterion 10.13. - FIs do not have the option of not accomplishing their customer due diligence obligation and instead file an STR, when they believe that they would alert the customer, by carrying out this procedure, in cases where they suspect that an operation is ML/TF-related.
11. Record keeping	C	All criteria are met
12. Politically Exposed Persons	C	All criteria are met
13. Correspondent Banking	C	All criteria are met
14. Money or value transfer services	LC	There are no binding measures obliging the country to identify persons, natural or legal, who provide MVT services without being licensed or registered, in order to mete out the sanctions provided for.
15. New technologies	NC	No provisions have been issued regarding virtual assets and VASPs
16. Wire transfers	LC	There is no legal or regulatory provision for a period of 03 working days to transmit the required information to the beneficiary's FI or to the competent authorities, at their request.
17. Reliance on third parties	PC	- There is no obligation for FIs to ensure that the bank has taken measures to comply with the record-keeping obligation - The non-existence of any obligation to take into account the information available on the level of risk linked to the countries identified for the establishment of third parties which meet the required conditions. - FIs that use third parties belonging to groups are not required to have the AML/CFT programs implemented by these groups controlled by a competent authority.
18. Internal controls, foreign branches and subsidiaries	C	All criteria are met
19. Higher-risk countries	LC	The country's failure to put in place measures to systematically inform FIs of concerns raised by the deficiencies of other countries' systems.
20. Suspicious transaction reporting	C	All criteria are met
21. Disclosure and confidentiality	C	All criteria are met

Recommendations	Rating	Factor(s) underlying the rating
22. Designated Non-Financial Businesses and Professions: customer due diligence	PC	• The deficiencies identified relating to criteria 10.3, 10.6, 10.7, 10.8, 10.10, 10.12, 10.13, 10.15 and 10.20 are also applicable to criterion 22.1(b, c, d and e) • There is no obligation for DNFBPs to keep records obtained as part of customer due diligence measures • • There is no obligation for DNFBPs to comply with the obligations contained in R.15.
23. Designated Non-Financial Businesses and Professions: other measures	LC	• The non-issuance of the Order establishing the threshold required for transactions/operations of dealers in gems and precious metals as provided for under the AML/CFT Law No. 12-008/AU. • Failure to put in place measures to inform DNFBPs of deficiencies in the AML/CFT systems of other countries.
24. Transparency and beneficial ownership of legal persons	PC	• The Union of the Comoros has not assessed the ML/TF risks related to the types of business companies created in the country and it has no mechanism for collecting and updating beneficial ownership information in the RCCM and in the company register. • There are no sanctions to punish violations of the requirements of Recommendation 24. • There are also no provisions requiring the country to monitor the quality of assistance it receives from other countries in response to requests for basic and beneficial ownership information or requests for assistance in locating beneficial owners residing abroad. • The country also has no legal or regulatory provisions requiring shareholders or directors acting on behalf of another person to disclose to the company and to any competent register the identity of the person having designated them or in the event of issuing shares in the name of nominees and requiring that their status as agents be recorded in the company register as well as other known mechanisms.
25. Transparency and beneficial ownership of legal arrangements	LC	• Trusts are required to observe transparency rules in relation to their AML/CFT obligations. However, trusts are not required to declare their status to FIs and DNFBPs when they establish a relationship or execute an occasional transaction for any amount above a given threshold.
26. Regulation and supervision of financial institutions	PC	• The identification of BOs is not adequately taken into account when applying for License • Supervision and monitoring activities are not compliant with the Risk-Based Approach • The insurance sector is not subject to AML/CFT supervision
27. Powers of supervisors	LC	The insurance sector is not subject to AML/CFT supervision
28. Regulation and supervision of Designated Non-Financial Businesses and Professions	NC	• There is no designated structure within the ministries concerned to ensure the AML/CFT supervision of any DNFBP • No AML/CFT inspections are conducted on DNFBPs • • The real estate and precious metals sectors are unregulated

Recommendations	Rating	Factor(s) underlying the rating
29. Financial Intelligence Units (FIUs)	PC	- The country's legal framework does not require reporting entities to systematically declare to the FIU any cash transactions above a certain threshold as well as wire transfers; - Lack of procedures and mechanisms to guarantee the security and confidentiality of information, as well as the requirement to respect confidentiality by the FIU's staff members and institutional correspondents; - Lack of secure information exchange channels between the FIU and other national stakeholders; - The FIU is not yet a Member of the EGMONT Group and therefore has no access to the secure channel for exchanging information among FIUs
30. Responsibilities of Law enforcement authorities	C	The Comorian AML/CFT/PF legal system does not present any gaps with regard to the requirements of this Recommendation
31. Powers of Law enforcement authorities	C	The Comorian AML/CFT/PF legal system does not present any gaps with regard to the requirements of this Recommendation
32. Cash couriers	LC	There is no coordination mechanism between customs, immigration police and other administrations. Besides, the Comorian legislation does not explicitly provide for a reasonable period for withholding cash or BNI where it is necessary to conduct investigations linked to ML/TF suspicions and a period for keeping of related documents. There is also no provision for the means of sharing information between the FIU and customs within the framework of R. 32
33. Statistics	LC	The Union of Comoros does not maintain statistics on frozen, seized and confiscated assets.
34. Guidance and Feedback	PC	- No guidelines have been developed for DNFBPs - Feedback on STRs and findings of inspection missions is provided by the FIU and BCC
35. Sanctions	PC	- The country has provided for administrative, financial and criminal sanctions applicable to FIs and their managers. However, there is no direct nexus established between the said sanctions and violations of AML/CFT obligations - There is no range of proportionate and dissuasive disciplinary sanctions for violations of AML/CFT obligations
36. International instruments	LC	- The country has signed and ratified the four relevant Conventions in the fight against transnational organized crime and has, to some extent, implemented the provisions of the said international legal instruments; - However, the country has not provided for the use of special techniques to investigate certain forms of crime provided for by the UN Conventions against corruption and against illicit trafficking in narcotics and psychotropic substances.
37. Mutual Legal Assistance	LC	- The Comorian legal and institutional system provides an opportunity to quickly provide the broadest possible range of mutual legal assistance; - Lack of clear procedures for establishing priorities and diligently

Recommendations	Rating	Factor(s) underlying the rating
		executing requests for assistance received, as well as a system for monitoring the processing of requests for assistance; • it is not clearly specified whether the country is required to keep mutual assistance requests and their contents confidential, apart from extradition requests.
38. Mutual legal assistance: freezing and confiscation	PC	• Lack of legal provisions allowing for the confiscation of the instrumentalities used, in the commission of the predicate offences to ML/TF; • The legal system does not provide for sharing confiscated assets and the country has not signed any agreement to coordinate the seizure and confiscation of criminal assets with foreign countries; • Lack of mechanism for managing seized assets apart from cash and gold bars and other precious metals.
39. Extradition	LC	• Lack of case management system and clear procedures for the diligent execution of extradition requests, including a prioritization system.
40. Other forms of international cooperation	PC	• Lack of explicit possibility of spontaneous exchange of information; • Lack of clear procedure to prioritize the diligent execution of cooperation requests; • Lack of possibility to provide feedback on request; • Lack of legal framework guaranteeing the protection of privacy and personal data received from foreign or even national sources; • Lack of legal or conventional basis for establishing joint investigation teams to conduct investigations in a cooperative manner and, where necessary, establish bilateral or multilateral agreements to authorize such joint investigations.

Glossary of acronyms¹⁹

RBA	Risk-Based Approach
LEAs	Law Enforcement Authorities
ANR	National Intelligence Agency
APBEF	Association of Professionals of Bankers and Financial Institutions
ARCOBEF	Association of Compliance Officers of Banks and Financial Institutions
ARINWA	Inter-Agency Network for Asset Recovery in West Africa
ARMP	Public Procurement Regulatory Authority
VAs	Virtual Assets
AfDB	African Development Bank
ML/TF	Money Laundering /Terrorist Financing
BCEAO	Central Bank of West African States
BCN-INTERPOL	National Central Office-INTERPOL
BOAD	West African Development Bank
BPEC	People's Bank for Savings and Credit
BRS	Regional Solidarity Bank
BRVM	Regional Securities Exchange
BSIC	Sahelo-Saharan Bank for Investment and Commerce
Construction	Buildings and public works
C	Compliant
CC	Court of Audit
CCGA	Advisory Commission on Asset Freezing
CEN	Customs Enforcement Network/Réseau Douanier contre la Fraude
CFE	Business Formalities Centre
CGI	Tax Code
CIMSA	Inter-ministerial Committee for Monitoring AML/CFT/PF Actions
CIPLEV	Inter-ministerial Committee for Prevention and Combating Violent Extremism
NC	National Correspondent
CNAD	National Anti-Drug Committee
CNSS	National Social Security Commission
CONAC	National AML/CFT/PF Coordinating Committee
PC/CCP	Penal Code/Code of Criminal Procedure
CRCA	Regional Insurance Supervision Commission
FIU	Financial Intelligence Unit
SC	Supreme Court
UNSC	United Nations Security Council

¹⁹

Acronyms already defined in the FATF 40 Recommendations are not included in this glossary.

TC	Technical Compliance
TOC	Transnational Organized Crime
DAF	Financial Affairs Department
DCF	Tax Control Department
DPCJ	Criminal Investigations Department
DPCR	Central Depository of the Settlement Bank
DCRI	Central Directorate of Internal Intelligence
DEF	Financial Investigations Department
DGCTP	Accounting and Public Treasury Department
DGDN	National Documentation Department
DNA	National Insurance Directorate
STR	Suspicious Transaction Report
PRSP	Poverty Reduction Strategy Paper
CTR	Cash Transaction Reporting
SDR	Special Drawing Right
EICF	Fixed Capital Investment Company
EMI	Electronic Money Issuer
NRA	National Risk Assessment
DNFBP	Designated Non-Financial Businesses and Professions
GFCF	Gross Fixed Capital Formation
FNC	National Conviction File
FPADM	Financing the Proliferation of Weapons of Mass Destruction
FATF	Financial Action Task Force
GIABA	Intergovernmental Action Group against Money Laundering in West Africa
GILAT	Anti-Terrorist Light Intervention Group
GSIGN	National Gendarmerie Security and Intervention Group
GTD	Global Terrorism Data
GTI	Global Terrorism Index
HAPLUCIA	High Authority against Corruption and Similar Offences
P&C	Fire, Accident, Risk, Miscellaneous
IDF	General Inspectorate of Finance
IGE	General State Inspectorate
BNI	Bearer Negotiable Instruments
EITI	Extractive Industries Transparency Initiative
KYC/CDD	Know Your Customer/Customer Due diligence Measures
AML/CFT	Anti-Money Laundering/Counter Financing of Terrorism
AML/CFT/PF	Anti-Money Laundering/Counter Financing of Terrorism and Proliferation Financing
LC	Largely Compliant
CPF	Counter Proliferation Financing
MATDCL	Ministry of Territorial Administration, Decentralization and Territorial Development
MEF	Ministry of Economy and Finance

MSPC	Ministry of Security and Civil Protection
N/A	Not Applicable
NC	Not Compliant
NPO	Nonprofit organization
OCAM	Common African and Malagasy Organization
OECD	Organization for Economic Cooperation and Development
OCTRIB	Central Office for the Repression of Illicit Drug Trafficking and Money Laundering
OHADA	Organization for the Harmonization of Business Law in Africa
IPCO-Interpol	International Criminal Police Organization
WCO	World Customs Organization
ONECCA	National Association of Chartered and Licensed Accountants
NGO	Non-Governmental Organization
UN	United Nations
UNODC	United Nations Office on Drugs and Crime
UCITS	Undertaking for Collective Investment in Transferable Securities
CID	Criminal Investigations Department
PWMD	Proliferation of Weapons of Mass Destruction
PC	Partially Compliant
PCB	Bank Accounting Blueprint
GDP	Gross Domestic Product
PNAAD	National Anti-Drug Action Plan
PND	National Development Plan
UNDP	United Nations Development Program
PEP	Politically Exposed Persons
VASP	Virtual Asset Service Provider
TFP	Technical and Financial Partner
RCCM	Trade and Property Credit Register
MER	Mutual Evaluation Report
IO	Immediate Outcome
DPRK	Democratic People's Republic of Korea
RS	Company Register
HER	Anonymous Company
SARL	Limited Liability Company
SAS	Simplified Joint Stock Company
SCRIC	Central Criminal Research and Investigation Service
SCS	Limited Partnership
TFS	Targeted Financial Sanctions
DFS	Decentralized Financial System
SGI	Management and Intermediation Companies
SGP	Heritage Management Company
SIAB	Inter-African Bank Company

SIGFIP	Incorporated Public Finance Management System
NCS	Partnership
SNEC	Institutional Credit Rating System
START	National Consortium for the Study of Terrorism and Responses to Terrorism
MVTS	Money and Value Transfer Service
T.S.	Thematic/Specific
UEMOA	West African Economic and Monetary Union
UMCC	Joint Container Control Union
UMOA	West African Monetary Union
VG	Overall Verification
VG/AML/CFT	Comprehensive Verification including an AML/CFT Section
WACAP	Network of West African Central Authorities and Prosecutors against Organized Crime

ACRONYMS	DEFINITION
VG	Overall Verification
VG/AML/CFT	Global verification including an AML/CFT component
T.S.	Thematic/Specific
IGE	General State Inspectorate
IDF	General Inspectorate of Finance
AML/CFT	Anti-Money Laundering and Counter Financing of Terrorism Financing
LC	Largely Compliant
MEF	Ministry of Economy and Finance
MSPC	Ministry of Security and Civil Protection
A	Not Applicable
NC	Not Compliant
NPO	Nonprofit organization
OCTIB	Central Office for the Repression of Illicit Drug Trafficking and Money Laundering
OHADA	Organization for the Harmonization of Business Law in Africa
IPCO	International Criminal Police Organization - Interpol
ONECCA	National Association of Chartered and Licensed Accountants
NGO	Non-Governmental Organization
UN	United Nations
UNODC	United Nations Office on Drugs and Crime
MDG	World Customs Organization
CID	Criminal Investigations Department
UCITS	Undertaking for Collective Investment in Transferable Securities
PC	Partially Compliant
GDP	Gross Domestic Product
PNAAD	National Anti-Drug Action Plan
TFP	Technical and Financial Partner
Recommendation	Recommendation
RCCM	Trade and Property Credit Register
RS	Companies Register
SGI	Management and Intermediation Company
SGP	Heritage Management Company
DFS	Decentralized Financial System
SIAB	Inter-African Bank Company
SIGFIP	Incorporated Public Finance Management System
UEMOA	West African Economic and Monetary Union
UMOA	West African Monetary Union

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