REPUBLIC OF MOZAMBIQUE

Law no. 14/2023

Of 28 August

Taking into consideration the need to revise the law 11/2022 of 7 July, the Anti money Laundering and Terrorist Financing to align some of its legal provisions with the international legal instruments domestically ratified into the legal framework order as provided for under article 178(1) of the Constitution, thus the Parliament determines:

CHAPTER I

General Provisions

Article 1

(Object)

This Law establishes the legal framework and the measures to prevent and combat the use of the financial system and non-financial entities for the purposes of money laundering, terrorist financing and financing of proliferation of weapons of mass destruction.

Article 2

(Scope)

1. This Law shall apply to natural and legal persons, including those without legal personality, non-profit organisations, financial institutions, and non-financial entities with head office in the national territory, as well as their branches, agencies, subsidiaries or any other forms of representation and other institutions that may be used to commit money laundering, terrorist financing and financing of proliferation of weapons of mass destruction.

2. This Law shall also apply to branches, agencies, subsidiaries, or any other form of representation in the national territory of financial institutions and non-financial entities established abroad, as well as to representations of domestic entities located abroad.

Article 3

(Definitions)

The meaning of the terms used in this Law have been captured in the glossary attached hereto, which forms an integral part thereof.

Article 4

(Financial institutions)

For the purposes of this Law, financial institutions are:

a) credit institutions, namely:

   i) banks;

   ii) credit co-operatives,

   iii) micro-banks, in the various types permitted by the applicable legislation; and

   iv) other companies that are qualified as credit institutions by Decree of the Council of Ministers.

b) Financial companies:

   i) Companies providing payment services, in the categories of electronic money institutions, money transfer institutions, payment aggregators and other categories established by the Bank of Mozambique;
   ii) financial brokerage companies;
   iii) brokerage companies;
   iv) investment fund management companies;
   v) asset management companies;
   vi) venture capital companies;
   vii) group purchasing management companies;
   viii) companies issuing or managing bank cards;
   ix) leasing companies;
   x) factoring companies;
   xi) investment companies;
   xii) mutual guarantee companies;
   xiii) bureaux de change;

xiv) discount houses;
xv) companies that, corresponding to their definition, are qualified as such by Government Decree.

c) Other microfinance operators defined by law;

d) Virtual asset service providers;
e) Entities authorised to carry out the life insurance activity and brokerage, pension fund management companies and other investment entities related to these;
f) Issuers, operators, and other securities market participants; and
g) Any other persons or entities that carry out other activities or operations and that may be categorised as such by specific legislation.

Article 5

(Non-financial entities)

1. For the purposes of this Law, the following are non-financial entities:

a) casinos and entities operating social and entertainment gaming;

b) natural and legal persons operating as real estate agencies and the purchase and resale of real estate, as well as construction entities that carry out the direct sale of real estate;

c) agents, intermediaries or dealers in gems and precious metals;

d) Car dealers;

e) courier companies, operating in financial activity;

f) travel and tourism agencies, hotels and similar entities, when authorised by Bank of Mozambique to carry out partial foreign exchange trading;

2. Lawyers and all those who exercise legal representation and assistance functions, notaries, registrars, accountants, and independent auditors, when involved in transactions in the interest of their clients or in other circumstances, are also considered non-financial entities in relation to the following activities:

a) purchase and sale of real estate;

b) management of client funds, securities or other assets;

c) management of savings bank accounts or securities accounts;

d) organising contributions for the establishment, operation, or management of companies; and

e) Establishment, operating or managing legal persons or entities without legal personality and the purchase and sale of business entities.

3. Non-financial entities are also considered to be service providers of trusts and companies, not covered by the previous paragraphs, that provide the following services on a commercial basis:

a) creation, registration and management of legal persons;

b) holding office or acting on behalf of another person to hold office as head or secretary of a company, partner in a partnership or a similar position in relation to other legal persons;

c) providing an office, address or premises for a company, partnership or any person or legal instrument;

d) holding office or acting on behalf of another person to hold office as a shareholder on behalf of another; and

e) Operating in the field of importing or exporting of goods.

CHAPTER II

Criminal Activities

Article 6

(Money laundering)

1. The offence of money laundering shall be committed by any person who, having knowledge that funds, assets, rights or values deriving from the commission, in any form of complicity, of the offences provided for in article 7 of this Law:

a) converts, transfers, proceeds of crime, in whole or in part, directly or indirectly, with the aim of concealing or disguising their illicit origin or of assisting the person involved in the commission of the criminal activities to evade the legal consequences of his acts;

b) conceal or disguise the true nature, origin, location, disposition, movement or ownership of proceeds of crime or rights relating thereof;

c) Acquiring, possessing, or using of assets, having the knowledge at the time of acquisition, or at the initial stage of the possession or usage of these goods are from an illicit activity as provided for under article 07 of this law.

2. The commission of the offence in the manner provided for in subparagraph a) & b) of paragraph 01 of this article shall be punishable by 12 to 16 years' imprisonment.

3. The commission of the offence in the manner provided for in subparagraph c) of number 01 shall be punishable by 02 to 08 years' imprisonment.

4. The commission of the offence in the manner provided for in subparagraph c) of number 01 shall be punishable by 02 to 08 years' imprisonment.
5. The intention, knowledge and purpose that are required as constituent elements of the offence may be determined through objective grounds and circumstances.

6. One who instigates, incites, advise, or in any way commits the main actions described in paragraph 1 of this Article, shall be punished as follows:

a) in paragraph 1 (a) and (b) of this Article, shall be punished by imprisonment for a term of 12 to 16 years; and

b) in paragraph 1 (c) of this Article, by 2 to 8 years' imprisonment.
7. The following penalties shall be applied for the commission of Money laundering offence to legal persons and similar entities as provided for under the Penal Code, and there shall be applied a dissolution penalty and a fine of two to ten million Meticais;

8. Punishment for money laundering offence shall also be considered when:

a) the predicate offence was committed abroad.

b) the place where the offence was committed, or the identity of the perpetrators is unknown; and

c) there is no conviction for the predicate offence.

9. The attempt to commit money laundering is punishable under the Penal Code.

Article 7
(Predicate offence)

The following shall be considered predicate offences for money laundering:

a) criminal association;

b) terrorism;

c) financing of terrorism;

d) financing the proliferation of weapons of mass destruction;

e) murder or aggravated bodily harm;

f) kidnapping for ransom.

g) trafficking in human beings;

h) sexual exploitation;

i) illicit trafficking in narcotic drugs and psychotropic substances;

j) illicit trafficking in arms;

k) illicit trafficking in stolen goods;

l) environmental crimes;

m) corruption, embezzlement, bribery, influence peddling and economic participation in business;

n) loan sharking;

o) forgery and fraud;

p) tax evasion and tax fraud;

q) smuggling and misappropriation of goods;

r) counterfeiting and piracy of products;

s) misuse of inside information and market manipulation;

t) theft and robbery;

u) extortion;

v) illegal fishing;

w) any other criminal offence punishable by more than six months imprisonment under the applicable legislation.

Article 8
(Financing of terrorism)

1. The offence of financing terrorism is committed by anyone who, by any means, directly or indirectly and intentionally, collects or provides funds, goods, rights or any other advantage, with the intention that they be used or knowing that they will be used, in whole or in part:

    a) to carry out a terrorist act;

    b) by a terrorist or a terrorist organisation.

2. The terms provided for in paragraphs a) and b) of article 07 of this law are defined in the Legal Framework for the Prevention, Suppression and Combating of Terrorism and Proliferation of Weapons of Mass Destruction.

3. The commission of the offence in the manner provided for in paragraph 1 of this article shall be punishable by 20 to 24 years' imprisonment.

4. The offence of financing of terrorism shall be deemed to have been committed regardless of whether any terrorist act referred to in paragraph 1 of this Article has been committed or whether funds, property, rights, or advantages have effectively been used to commit such an act.

5. Punishment for the offence of financing of terrorism shall take place even if:

    a) the terrorist act was planned in a foreign jurisdiction.

    b) the terrorist act is intended to be perpetrated in a foreign jurisdiction;

    c) the terrorist act is intended to finance terrorists or terrorist organisations in a foreign jurisdiction.

6. An attempt is punishable under the Penal Code.

7. Complicity shall be punishable under the Penal Code.

Article 9
(Financing the proliferation of weapons of mass destruction)

1. Whoever by any means, directly or indirectly, provides, gathers, collects or holds, manages funds or property of any kind, as well as products or rights that can be transformed into funds, with the intention that they be used or with knowledge that they may be used in whole or partially in the financing of the proliferation of

weapons of mass destruction, shall be punished in the same manner as for the financing of terrorism.

2. The commission of the offence in the manner provided for in paragraph 1 of this article shall be punishable by 20 to 24 years imprisonment.

3. For an act to constitute an offence provided for in the paragraph 02 of this article, it is not necessary that the funds come from third parties, nor that they have been delivered to those for whom they are intended or that they have been used to commit the acts provided for therein.

4. It is also an offence of proliferation financing of weapons of mass destruction:

   a) deliberately collecting and availing funds by nationals or foreigners who are in Mozambican territory with the intention or knowledge that the funds are used to finance the travel of individuals to a third State other than their State of residence or nationality with the purpose of perpetrating, planning, preparing or participating in acts of proliferation;

   b) knowingly financing, planning or inciting acts of proliferation of weapons of mass destruction;

   c) participating as an accomplice, organising, or instructing someone to carry out proliferation financing, or contributing to the commission of acts typical of the proliferation of weapons of mass destruction.

5. The attempt is punishable under the Penal Code.

6. Complicity is punishable under the Penal Code.

Article 10

(Financial sanctions for acts of financing the proliferation of weapons of mass destruction)

Financial institutions and non-financial entities and any other natural and legal persons shall apply to the acts of financing of proliferation of weapons of mass destruction the financial sanctions imposed by the Committees of the United Nations Security Council.

CHAPTER III

Duties of Financial Institutions and Non-Financial Entities

Section I

General duties

Article 11

(Duties)

Financial institutions and non-financial entities are required, in the exercise of their activity, to comply with the following duties in regard to their legacy, New and potential customers be it legal or natural persons.

a) risk assessment;
b) identification, verification and diligence;
c) refusal;
d) refraining;
e) record Keeping;
f) reporting of suspicious transactions;
g) examination;
h) collaboration;
i) training; and
j) control.

Article 12

(Duty to assess risk)

1. Financial institutions and non-financial entities shall take appropriate measures to identify, assess, understand, and mitigate money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction the risks to which they are exposed at customer, transaction and institution level, taking into account the following factors:

a) the nature, size and complexity of the activity carried out;

b) countries or geographical areas in which they carry out activities, directly or through third parties, belonging or not to the same group;

c) core business, as well as products, services and operations made available;
d) nature and historical records of the client, including the activity carried out by him;

e) geographical location of the client of the financial institution or who has domiciled or in any way develops its activity; and

f) distribution channels of the products and services made available, as well as the means of communication used in contact with customers.

2. Financial institutions and non-financial entities shall assess the risk of money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction associated with the specific operational reality, by determining:

a) the degree of likelihood and impact of each of the risks identified, taking into account all relevant variables in the context of operational reality, including the purpose of the business relationship, the level of goods deposited by the customer or the volume of transactions carried out and the regularity or duration of the business relationship; and

b) the overall risk and, if applicable, of the respective business areas, to be assessed based on the weighting of each of the risks identified and assessed.

3. Financial institutions and non-financial entities shall also:

a) define and implement means and procedures of control, including information systems, that are adequate to mitigate the specific risks identified and assessed;

b) implement enhanced procedures specially where there is an increased risk of money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction;

c) review and update, periodically the risks identified, the risk management practices referred to in the preceding paragraphs, so that they adequately reflect any changes in the specific operational reality and risks associated with it.

4. The risk assessment shall be written in a document, together with all supporting information and made available to the supervisory authorities and the GIFiM.

5. Documents or records written up in accordance with the provisions of paragraph 4 of this law, shall be kept for a period of 10 years and made available to the supervisory authorities and to GIFiM.

6. If the specific inherent risks in a particular sector of activity subject to the application of this Law are clearly identified and understood, the supervisory authorities may:

a) Provide a dispensation to carry out individual and documented risk assessments or allow them to be carried out in simplified terms to be defined by the respective authority.
b) establish alternative procedures for carrying out individual or simplified risk assessments.

c) Provide a dispensation to carry out individual and documented risk assessments or allow them to be carried out in simplified terms to be defined by the respective authority; and

d) establish alternative procedures for carrying out individual or simplified risk assessments.

Article 13

(**Duties of the Board of Directors**)

1. The Board of Directors of the reporting entities shall be responsible for approving and implementing policies, procedures, and controls on the prevention of money laundering and terrorist financing.

2. For the purposes of the paragraph 01 of this article, the Board of Directors shall be responsible in particular:

a) approve the policies and procedures and controls referred to in article 12 of this law, as well as its update;

b) have adequate knowledge of the risks of money laundering and terrorist financing to which the reporting entity is exposed to at all times, as well as of the processes used to identify, assess, monitor and control those risks;

c) ensure that the organizational structure of the reporting entity allows, at all times, proper execution of the policies and procedures and controls referred to in article 13 of this law, preventing conflicts of interest and, whenever necessary, promoting the separation of duties within the organization;

d) periodically monitor and assess the effectiveness of policies and procedures, ensuring the implementation of appropriate measures to correct the deficiencies detected in them.

Article 14

(Risk management in the use of new technologies)

1. Financial institutions and non-financial entities shall identify and assess the risks of money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction that may arise due to:

a) offering products and services or operations likely to promote anonymity;
b) development of new products, services, distribution mechanisms, payment methods and new business practices;

c) use of new technologies or under development, both for new products and services and for existing products and services.

2. Financial institutions and non-financial entities shall also:

a) assess the risk prior to the launch or use of such products and services, practices and technologies;

b) take appropriate measures to manage and mitigate the risks of money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction;

c) implement policies or measures as may be necessary to prevent the misuse of new technologies in money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction.

Article 15

(Duties to identify, verify and diligence)

1. Financial institutions and non-financial entities shall identify their customers and their representatives and verify their identity by means of a valid supporting document and trace the Ultimate Beneficial Owner, in the following circumstances:

a) establish a business relationship;

b) carry out occasional transactions:

i. of an amount equal to or greater than nine hundred thousand meticais and, if the total amount is not known at the time of the start of the operation, the financial entity must proceed to the identification as soon as it becomes aware of this amount and verify whether the threshold has been reached;

ii. in cases of transfer of domestic or international funds.

c) there is a suspicion that the operations, regardless of their value, are related to money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction offence; and

d) there are doubts as to the veracity or adequacy of the customer's identification data.

2. Financial institutions and non-financial entities shall also:

a) collect information of the members of the top management;

b) collect information on the object and nature of the business relationship;

c) maintain periodic reviews on the business relationship and carefully examine the transactions carried out in the course of that relationship, verifying that they are consistent with the institution's knowledge of the client, its business and its risk profile, including, where appropriate, the source of funds;

d) establish policies and procedures designed to address specific risks related to the business or occasional transactions without the physical presence of the client;

e) Refuse to initiate the business relationship, as well as the realization of any transactions that do not meet the requirements provided for in the preceding paragraphs and in paragraph 1 of this article, according to objective criteria;

f) take appropriate measures to understand the ownership and control structure of the customer where the customer is a legal person or legal arrangement;

g) keep up to date the elements of information obtained in the course of the business relationship;

h) refrain from maintaining anonymous, numbered accounts or accounts with manifestly fictitious identification elements;

i) Gather information about the identification of relevant individuals with management position of legal entities and other legal entities without legal arrangements.

j) carry out a continuous monitoring of the business relationship.

3. Whenever reporting entities have knowledge or reasonable grounds to suspect that a client is not acting on his own behalf, they shall take appropriate measures to ascertain the identity of the person or entity on whose behalf he is acting, including its beneficial owners.
4. Reporting entities must also verify that the customer's representatives are legally authorised to act on their behalf or represent them.

5. Customer due diligence measures must be applied to all existing customers and the verification of the identity of such customers will be subject to regulations issued by the supervisory and oversight authorities.

6. Whenever financial institutions are aware of or suspect facts that may constitute the commission of money laundering offences, terrorist financing and financing the proliferation of weapons of mass destruction and have reasonable grounds to believe that customer due diligence may alert the customer, they should refrain from completing the procedure and send a suspicious transaction report to GIFiM.

7. In the case of trusts or other similar legal arrangements whose beneficiaries are defined by reference to specific characteristics or categories, reporting entities shall obtain

sufficient information on trustees, settlors and beneficiaries to ensure that they are able to comply fully with the provisions of this Section in respect of them at the time of payment or exercise of their vested rights.

8. The identification of individual customers must be proven by the presentation of the Identity Card and other documentation in accordance with the terms to be regulated.

9. Without prejudice to the provisions of the paragraph 8 of this article, in exceptional cases, the supervisory authorities may determine other valid forms of identification.

10. The identification of legal persons is made through the presentation of a certificate of registration of Legal Entities and other documentation, under the terms to be regulated.

11. The situations referred to in points (b), (c) and (d) of paragraph 1 of this Article shall be reported to GIFiM.

12. For cross-border correspondent banking relationships and other similar relationships, financial institutions shall identify and verify the identity of the correspondent bank.

13. When opening bank accounts, credit institutions should not allow any debit or credit transaction to be made to the account, nor avail any payment instruments associated with the account or make any changes in their ownership, until the identity of the customer and the beneficial owner has been duly verified in accordance with the applicable legal or regulatory provisions.

Article 16

(Verification of Identity)

The verification of the identity of the client, its representatives and, where applicable, of the beneficial owner, shall be carried out at the time when the business relationship is established or before any occasional transaction is carried out, without prejudice to the continuous monitoring, throughout the business relationship, whenever such verification proves necessary for any suspicion or change of the representatives or beneficial owners.

Article 17

(Execution of duties by third parties)

1. Financial institutions and non-financial entities may use intermediaries or third parties to fulfil their duty of identification, verification and customer due diligence, provided that:

a) have access to identification and verification data about the customer, their representatives or Ultimate Beneficial Owners, which have been subject to identification, verification and due diligence procedures;
b) the identification, verification and due diligence data referred to in the previous point shall be made available immediately, whenever requested;
c) assume responsibility in case of failure or non-compliance by a third party;
d) the supervisory authority has access to the information on request;
e) ensure that the intermediary or third party is a regulated, supervised or monitored entity and that it has measures in place to comply with record-keeping requirements in relation to customer due diligence;
f) ensure that third parties are empowered to carry out identification, verification and due diligence procedures;
g) complete the information collected by the third parties or re-identify in the event of insufficient information or when the associated risk justifies it; and
h) certify that third parties comply with the duty to retain documents

2. Financial institutions and non-financial entities, before establishing a relationship with an intermediary or third party, shall take into account the risk of money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction associated with the country in which the intermediary or third party is domiciled.
3. The use of intermediaries or third parties for the fulfilment of the duty of identification, must be communicated to the respective supervisory entities, and the information must be accompanied by the respective contract of provision of services.
4. Financial institutions and non-financial entities retain responsibility for strict compliance with identification, verification and due diligence obligations.
5. When choosing third parties, financial institutions shall take into account the available information on the country's risk classification.

Article 18

(Beneficial owners)

1. Financial institutions and non-financial entities shall take appropriate measures to verify the identity of Ultimate beneficial owners by means of documents confirming their identity.

2. Before establishing a business relationship or carrying out an occasional transaction, financial institutions and non-financial entities shall, in particular, carry out:

a) the adoption of all measures necessary to assess the status of beneficial owner;
b) obtaining information on the identity of the client's beneficial owners; and
c) taking reasonable steps to verify the identity of beneficial owners.

3. Financial institutions and non-financial entities shall also comply, with the provisions of this article, where the customer is a natural person who may not be acting on his own account.
4. In the case of trusts or other legal arrangements of a similar nature, the beneficiaries of which are defined on the basis of specific characteristics or categories, financial institutions and non-financial entities shall obtain sufficient information on those beneficiaries, in order to ensure that they are in a position to comply fully with the provisions of this Article in respect of them at the time of payment or exercise of their acquired rights.
5. The financial and Non-financial institutions should identify and take reasonable measures for verifying the identity of the ultimate beneficiaries for the various types of legal arrangement entities and identify any natural person who exercises effective control or who holds a top management position in the legal arrangement entity.
6. The information on the beneficial owners is recorded by the competent authority by the register of Legal Entities.
7. The financial and Non-financial institutions should identify and take reasonable measures for verifying the identity of the ultimate beneficiaries, of the legal entities and legal arrangements, through the following additional information:
   a) The identity of the natural person, if there is any, who in has essentially control over the legal entity and the legal arrangement.
   b) In the case where there is doubt, if the individuals with shareholding with control is the ultimate beneficial owner or nor natural person exercises controls through shareholding, the identity of the natural person, if any, exercises control over the legal entity, or organs.
   c) If no natural person is identified, in subparaghaps a) or b) of this paragraph, the identity of the relevant natural person who holds a top management position.

Article 19

(Identification details of beneficial owners)

1. Financial institutions and non-financial entities shall collect at least the elements provided for in the context of compliance with the duty to identify the beneficial owners of the client.

2. Proof of the identification details of beneficial owners shall be carried out through documents, data or information from an independent and credible source, without prejudice to paragraph 3 of this Article.

3. In cases where there is a proven low risk of money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction, the supervisory authorities may allow, in accordance with the regulations, the identification of the

beneficial owners to be proven through a declaration issued by the customer or by those legally representing him.

Article 20

(Implementation of restrictive measures)

1. Financial institutions, non-financial entities and other natural and legal persons shall adopt the means and mechanisms necessary to ensure compliance with the restrictive measures of the United Nations Security Council Resolutions freezing all assets and economic resources held or controlled, directly or indirectly, by a designated person or entity.

2. The provisions of the paragraph 1 of this article shall also apply to all funds and other property of persons and entities acting on behalf of or under the instructions of persons or entities appearing on the designated lists.

3. Financial institutions, non-financial entities and other natural and legal persons shall ensure that funds and other property are not made available to or for the benefit of designated persons or entities, other than those licensed, authorised or notified in accordance with the relevant United Nations Security Council Resolutions.

4. In order to comply with the provisions of paragraphs 1,2 & 3 of this article, financial institutions, non-financial entities and other natural and legal entities shall adopt, in particular:

a) the appropriate means to ensure the immediate and full understanding of the content of the restrictive measures referred to in paragraph 3 of this article, in particular and where applicable, of the lists of persons and entities issued or updated under those measures, even if not available in the national language; and
b) the consultation mechanisms necessary for the immediate implementation of those measures, including the electronic subscription of any content that is available in this context.

Article 21

(**Counter-measures**)

1. Without prejudice to the restrictive measures specifically provided for in this law, the competent authorities shall apply, to the extent legally permissible, the necessary countermeasures to:

   a) comply with public statements and other requests made by the FATF or another similar body; or
   b) address money laundering and terrorist financing risks arising from high-risk third countries and other risky jurisdictions.

2. Countermeasures shall be proportionate to the risks identified and shall not conflict with other countermeasures arising from the legal acts referred to in paragraph 1 (a) of this article, where they have basis other than such acts.
3. Examples of countermeasures, without prejudice to others that are more appropriate to the concrete risks identified, are the following:

a) determine the application, by reporting entities, of enhanced measures of identification and diligence of content increased in relation to the provisions of this Law;
b) determine the reinforcement of existing mechanisms for communication or sending of information by reporting entities, namely through the request for additional information;
c) determine, on a systematic basis, the reporting of transactions or the transmission of information relating thereto by reporting entities;
d) prohibit or conditioned to the observation of additional requirements for the establishment of subsidiaries, branches, representative offices or similar structures in the country concerned;
e) limit the business relationships or operations of an reporting entity with a particular jurisdiction or with the persons or entities thereof;
f) prohibit recourse by the reporting entity to third parties located in a particular jurisdiction, even where that territory does not qualify as a high-risk third country;
g) Instruct financial entities to analyse, amend or, if necessary, terminate correspondence relationships with entities in a given territory;
h) determine the strengthening of procedures for the supervision of branches and subsidiaries of entities having their head office in a given jurisdiction;
i) determine the strengthening of risk management and audit procedures for entities operating in a given jurisdiction.

4. In situations where the application of counter-measures is justified, the competent authorities shall determine the adoption of one or more of the measures referred to in the paragraph 3 of this article, without prejudice to the adoption of additional measures that are proportionate to the risks identified.

5. The competent authorities shall communicate their intention to take any countermeasure to the governmental body.

Article 22

(Legal persons)

1. Legal persons established in the national territory shall keep adequate, accurate and up-to-date information of their beneficial owners and on the identity of their management bodies.

2. The supervisory authorities, the Attorney General's Office, GIFiM, the Tax Authority and other competent authorities shall, in a timely manner, have access to the information referred to in the paragraph 01 of this article.

Section II
Politically exposed people

Article 23
(Identification, verification and due diligence)

1. In the context of business relationships or occasional transactions with clients, their representatives or beneficial owners who are politically exposed persons, financial institutions and non-financial entities, in addition to the normal identification, verification and due diligence procedures, shall:

   a) Identify the status of "politically exposed person", acquired at a time before or after the establishment of the business relationship or the realization of the occasional transaction;
   b) ensure that a member of the senior management is involved in approving:

      i. the establishment of business relationships or the execution of occasional transactions;
      ii. the continuity of business relationships in which the acquisition of the status of politically exposed person is subsequent to the establishment of the business relationship;

   c) take the necessary measures to ascertain and prove the origin of the assets and funds involved in business relationships, occasional transactions or transactions in general;

   d) monitor business relationships permanently and in an enhanced manner, particularly with a view to identifying any operations that should be the subject of communication under the terms provided for in Article 44 of this Law.

2. The provisions of paragraph 01 of this article shall be without prejudice to the adoption of other enhanced measures or the intensification of the measures referred to in subparagraphs a) to c) of paragraph 1 of article 42 of this Law, whenever the increased risk of the business relationship or the occasional transaction proves to be particularly high.

3. The status of politically exposed person ceases after 2 years from the date of termination of the event that gave rise to such status.

4. The provisions of the preceding paragraphs shall continue to apply to those who, having ceased to be politically exposed persons, continue to pose an increased risk of money laundering or terrorist financing, due to their profile or the nature of the operations carried out.

Article 24
(Risk management)

1.Financial institutions and non-financial entities shall establish risk management systems to determine whether their clients or the beneficial owners of the transactions are politically exposed persons.

2.In the cases referred to in paragraph 01 of this article, financial institutions and non-financial entities are also reporting to:

a) obtain authorization from the respective senior manager prior to establishing business relationships with such clients.
b) take the necessary measures to determine the origin of the assets and funds involved in the business relationships or occasional transactions; and
c) carry out a continuous monitoring of the business relationship.

Section III
Virtual Assets

Article 25
(Requirements for the exercise of the activity)

1. Activities related to virtual assets may only be carried out by entities that obtain prior authorization from the Bank of Mozambique for the purpose, even if the applicant pursues another profession or activity, even if subject to authorization or qualification.

2. Paragraph 1, of this article covers service providers of foreign virtual assets whose services can be subscribed to or are available to people residing in Mozambique or who still have employees or management located in Mozambique.

3. As per the provisions of numbers 1& 2 of this article, the Bank of Mozambique has the powers conferred by the applicable legislation.

Article 26
(Responsibilities)

The Bank of Mozambique is responsible for:

a) regulate and define the necessary requirements for carrying out activities with virtual assets;

b) define additional measures for managing and mitigating the risks arising from virtual assets, within the scope of combating money laundering, terrorist financing and the proliferation of weapons of mass destruction;

c) monitor and ensure compliance, by virtual asset service providers, as well as other entities that engage in virtual asset activities, with the requirements for preventing and combating money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction; It is

d) exercise supervisory powers, including carrying out inspections, accessing books, records and any other documents and compelling the production of information.

Section IV
Life Insurance Contracts

Article 27
(Measures of a complementary nature)

1. In addition to the other identification and verification procedures provided for in this Law, financial entities that carry out Life insurance activities and other investment products related to insurance, must carry out the following verification measures regarding their customers:

a) collect the name or corporate name, when expressly identified as natural or legal persons or as centers of collective interests without legal personality;

b) obtain sufficient information to allow, at the time of execution of the policy, to know and identify the final beneficiaries, when they are indicated by class, characteristics or other means that are not names or designations.

2. The verification of the identity of the beneficiaries who fall into the situations provided for under in paragraphs 1 (a) and (b) is carried out until the moment of payment of the benefit.

3. In case of assignment, total or partial, to third parties of a Life Insurance contract, the obliged entities that become aware of it must identify and verify the identity of the effective beneficiaries, under the terms provided for in articles 18 and 19 of this Law, at the moment when the assignment of the contract occurs to the assignee who receives, for his own benefit, the value of the assigned contract.

Article 28

(Enhanced Due Diligence)

1. In the event that a Life Insurance policy and other insurance-related investment products have a legal person or entity without legal personality as a beneficiary, financial institutions must consider the said beneficiary as an increased risk factor and apply measures of enhanced due diligence.

2. Within the scope of their activity regarding Life insurance contracts, in addition to the provisions of the article 27 of this law and other identification and verification procedures provided for in this Law, financial entities must:

a) consider the beneficiary of such contracts as a high risk factor to be taken into account in the analysis of the risks of money laundering, financing of terrorism or financing of the proliferation of weapons of mass destruction and adopt enhanced measures within the scope of the duty of identification and verification;

b) whenever a high risk of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction is detected associated with a beneficiary of Life Insurance contracts that is a legal person or a center of collective interests without legal personality, apply enhanced measures;
c) the Enhanced measures referred to in the previous paragraph are also applied to the beneficial owner of such insurance, until the moment of payment of the benefit, under the terms of articles 18 and 19 of this Law, with the necessary adaptations;

d) adopt, up to the time of payment of the benefit or the total or partial assignment of contracts, reasonable measures to determine whether the beneficiaries of Life Insurance, and/or, when applicable, the beneficial owner of the beneficiary of Life Insurance Life Branch, have the status of politically exposed persons, based on the procedures or systems provided for in article 23 of this Law.

3. In cases where the quality of politically exposed person is verified, higher risks are identified, financial institutions undertake to:

a) inform senior management before paying the insurance premium;

b) carry out a enhanced scrutiny of the entire business relationship with the policyholder, particularly with a view to identifying any operations that should be reported under the terms set out in article 44 of this Law.

Article 29
(Reporting of suspicious transactions in Non-Life Insurance)

Section V
Specific measures of non-financial institutions

Article 30
(Casinos and entities operating and gaming and social entertainment)

1. Casinos must identify their customers and verify their identity in accordance with the provisions of article 15 of this Law, in the case of operations equal to or greater than one hundred and ninety thousand meticais.
2. The obligation foreseen in the paragraph 01 also applies to entities that operate social and entertainment games, in the case of operations equal to or greater than sixty thousand meticais.

3. It is still allowed:

a) casinos issue checks, in exchange for chips or game symbols, to identified players, with a copy of the Single Tax Identification Number (NUIT), when they have acquired such chips or symbols through bank cards or checks that have not been used, only in the amount equivalent to the cumulative amount you have acquired in that way;

b) to the vending machine rooms, issue checks to the order of the winning customers, previously identified, with a copy of the NUIT, resulting from the winning combinations in the machines or operating systems, which must be nominative, crossed and with an express prohibition of endorsement; It is

c) to the operators of social and entertainment games, identify bettors in the act of betting or paying prizes in an amount equal to or greater than sixty thousand meticais, by copying or collecting identification data from an official document with a photograph and NUIT.

Article 31
(Dealers of precious metals and gems)

Merchants of precious metals and gems must adopt identification and due diligence measures regarding their customers, in accordance with the provisions of article 15 of this Law and the applicable legislation, and verify the identity of customers, whenever they carry out cash operations of equal or lesser value. over 900 thousand meticais.

Article 32
(Buying and selling of vehicles)

Car dealers must identify customers and verify their identity, in accordance with the provisions of article 15 of this Law and applicable legislation, whenever they receive cash payments.

Article 33
(Real estate sector)

1. Entities legally involved, individually or collectively, in activity in the real estate sector, including the purchase, sale, purchase for resale, barter, lease or in a commercial activity that, directly or indirectly, decide, promote, plan, manage and finance, with own or third-party resources, carrying out construction work on buildings, with a view to their eventual transfer or assignment of rights, for whatever reason, must submit to the regulatory authority of the real estate sector:

a) information, under the legally foresee of the date of commencement of the activity, accompanied by a certificate from the commercial registry, within a maximum period of ninety days from the date of verification of any of these situations; It is

b) semiannually, in a specific model, the following elements on each transaction carried out:

i. clear identification of stakeholders;
ii. global amount of the legal transaction;
iii. mention of the respective representative titles;
iv. means of payment used;
v. property identification.

2. The duties foreseen in the paragraph 01, of this article are also applicable to intermediation services.

3. Natural or legal persons who have already started the activities referred to in the paragraph 02, must send the aforementioned information within 180 days from the date of entry into force of this Law.

3.Whenever carrying out transactions for their clients relating to the purchase and sale of real estate, real estate agents must comply with the identification, due diligence and communication measures provided for in this Law.

Section VI
Specific Obligations of Entities without Legal Personality

Article 34
(Legal requirements)

1. All administrators of entities without legal personality must provide, upon request, all information regarding their situation, whenever they establish business relationships or carry out occasional operations with a value equal to or greater than nine hundred thousand meticais.

2. Directors of entities without legal personality must provide the competent authorities or financial institutions and non-financial entities with the following information:

a) exact and up-to-date information about the administrators, founders and their effective beneficiaries, and other information deemed relevant;

b) details of the nature of control exercised by the beneficial owner and the underlying economic interests;

c) other documents, data and information necessary for compliance, by financial institutions and non-financial entities, with the duty to identify beneficial owners; It is

d) assets held or to be held or managed within the scope of the business relationship or ongoing processes.

Article 35
(Access to information on entities without legal personality)

Competent authorities, including law enforcement authorities, have timely access to information held by directors and third parties, in particular information held by financial institutions and non-financial institutions, on:

a) the actual beneficiaries;

b) control of the trust fund;

c) the residence of the fund manager;

d) any assets held or managed by financial institutions or non-financial entities in relation to any administrator with whom it maintains a business relationship or with which it performs an occasional transaction.

Article 36
(Supervision of entities without legal personality)

1. It is incumbent upon the supervisory authorities, within the scope of this Law, to ensure that administrators of entities without legal personality are legally responsible for the fulfillment of their duties and obligations.

2. Responsibilities for non-compliance with the duties and obligations referred to in number 1 of this article are defined in this Law.

Section VII
Other preventive duties

Article 37
(Cross-border correspondent bank relations)

When financial institutions establish international banking correspondence relationships, in addition to the provisions of number 12 of article 15 of this Law, they must also:

a) collect sufficient information about the corresponding institution, in order to understand the nature of its activity, assess its internal control procedures in terms of preventing and combating money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, ensuring their adequacy and effectiveness, and assess, based on publicly known information, their reputation and the characteristics of their supervision;
b) obtain approval from the competent level of senior management prior to establishing correspondence relationships;
c) reduce to writing the responsibilities of the correspondent bank and the client bank;
d) ensure that the client bank verifies the identity and applies continuous surveillance measures regarding clients who have direct access to the correspondent bank's accounts and ensure that that bank is qualified to provide the appropriate data on the identification of its clients.

Article 38
(Wire transfers)

1. Financial institutions, including those dedicated to the transfer of funds, must demand and verify accurate and useful information, relative to the payer and the beneficiary, in the transfer of funds and messages related to them.

2. The information referred to in article 01 of this article must accompany the transfer or the message relating to it, throughout the entire payment chain.

3. If the payer does not have a bank account, financial institutions, including those dedicated to the transfer of funds, must carry out in-depth surveillance and adequate

control, for the purposes of detecting suspicious activities and transfers of funds that do not contain information information about the originator and beneficiaries and assign a unique transaction reference number, so as to allow the operation to be traced.

4. The provisions of the paragraphs 1,2&3 of this article do not apply to the following cases:

a) in the case of an operation carried out using a credit or debit or prepaid card for the purchase of goods or services, provided that the transaction carried out is associated with the identification number of the card;

b) in the case of transfers carried out between financial institutions and the respective settlements, both the payer and the beneficiary acting on their own behalf; It is

c) in the case of transactions up to a maximum limit of 30 thousand Meticais.

Article 39
(Enhanced customer due diligence measures)

1. Financial institutions and non-financial entities must apply:

a) enhanced measures proportional to the risks in relation to customers and operations, taking into account the nature, complexity, volume, unusual nature, lack of economic justification, namely economic activity or professional occupation and presumed financial capacity of the customer, which do not present a cause apparent economic or lawful nature, or susceptibility of being framed in a legal type of crime or by another high-risk factor;

b) enhanced measures of monitoring and special control of business relations and transactions with natural persons, legal persons or centers of collective interests without legal personality, from high-risk third countries or to other countries, which do not apply or apply in a deficient way the relevant international standards for preventing and combating money laundering, terrorist financing and proliferation of weapons of mass destruction as determined by the Financial Action Task Force;

c) complementary measures of diligence to operations carried out without the physical presence of the customer, his representative or the beneficial owner, the confirmation of identity being able to be completed with additional documents or with information provided by the customer and considered as sufficient for confirmation or verification purposes.

2. In the cases provided for under paragraph 01 of this article, the financial entities, in addition to the identification, must find out about the origin and destination of the funds

and the true nature of the operation, not having to inform the customer of their suspicions.

3. Financial institutions and non-financial entities must prepare a confidential report with all the relevant information regarding these transactions, on the identity of the representative and, when applicable, the ultimate economic beneficiaries.

4. Financial institutions and non-financial entities must keep records of the specific information regarding the transactions referred to in the previous numbers and the identity of all parties involved, the report being kept as specified in the following article of this Law and making it available GIFiM, supervisory authorities or other competent authorities.

Article 40
(Simplified identification and verification measures)

1. Financial institutions and non-financial entities may adopt simplified identification and verification measures, when they identify a demonstrably low risk of money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction in business relationships, transactions occasional events or in the operations they carry out.

2. The adoption of simplified measures is only admissible following an adequate risk assessment by the financial institutions and non-financial entities themselves or by the respective supervisory authorities and can never take place in any of the following situations:

a) when there are suspicions of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction;

b) when the low risk identified by financial institutions and non-financial entities is not consistent with the national risk assessment of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction;

c) when reinforced customer identification and verification measures must be adopted; It is

d) whenever determined by the supervisory authorities.

3. Without prejudice to other simplified measures that prove to be more appropriate to the specific risks identified, financial institutions and non-financial entities should consider the following:

a) verification of the identification of the customer and the beneficial owner after establishing the business relationship;

b) the reduction in the frequency of updates of elements collected in compliance with the duty of identification and verification and due diligence;

c) reducing the intensity of continuous monitoring and the depth of analysis of operations, when the amounts involved are low; It is

d) the failure to gather specific information and the failure to carry out specific measures that make it possible to understand the object and nature of the business relationship, when it is reasonable to infer the object and nature of the type of transaction carried out or the business relationship established.

4. The simplified measures to be applied by financial institutions and non-financial entities must be proportionate to the identified reduced risk factors.

5. The supervisory authorities may also define the concrete content of the simplified measures that prove adequate to face certain identified low risks of money laundering, financing of terrorism and proliferation of weapons of mass destruction.

6. The application of simplified measures does not exempt financial institutions and non-financial entities from monitoring operations and business relationships in order to allow the detection of unusual or suspicious operations.

Article 41
(Duty of refusal)

Whenever there is non-compliance with the identification and verification duties, the financial institution or non-financial entity must:

a) refuse to establish a business relationship and occasional transaction;

b) terminate the business relationship, when it has already been established;

c) reduce to writing the conclusions that support the exercise of the duty of refusal; It is

d) file communication of suspicious operations to GIFiM.

Article 42
(Duty to refrain)

1. Whenever it is found that a given operation is evidence of a well-founded suspicion of constituting a crime under the provisions of this Law, the financial institution or non-financial entity must refrain from carrying out any operations related to the customer's request.

2. The entities referred to in paragraph 01, of this article must immediately inform the Public Ministry and GIFiM that they have refrained from carrying out the operation, the latter being able to determine the suspension of the execution of the suspicious operation, notifying the corresponding entity for this purpose.

3. The suspended operation may, however, be carried out if the suspension order is not confirmed by the criminal investigation judge, within a period of five days counting from the date of communication made by the financial institution or non-financial entity, under the terms of paragraph 02 of this article.
4. The Attorney General's Office ensures that the decision issued by the criminal investigation judge is forwarded to financial institutions or non-financial entities.

5. In the event that the financial institution or non-financial entity, after consulting the Attorney General's Office and GIFiM, considers that abstention may jeopardize the prevention and future investigation of the crimes provided for in this Law, the operation may be carried out, the financial institution or non-financial entity must immediately provide the consulted entities with information regarding the operation.

6. For the purposes of paragraph 5 of this article, financial institutions and non-financial entities must record in a written record the reasons and steps taken for the decision not to exercise the duty of abstention.

Article 43
(**Record keeping)**

1. Financial institutions and non-financial entities must keep and keep up to date with accuracy and precision the identification documents and documents relating to transactions for a period of 10 years, counting from the date of closure of customer accounts or termination of the relationship of business, the following documents:

a) the identification details of customers, representatives and beneficial owners and all other documents, data and information obtained in the exercise of the duty of identification and diligence;

b) copies of documents or other technological support attesting to compliance with the obligation of identification and diligence, including keeping records on the classification of customers;

c) registration of transactions, including all original and beneficiary information of the transaction, to allow the reconstitution of each operation, in order to provide, if necessary, evidence in the context of a criminal proceeding;

d) copy of all commercial correspondence exchanged with the customer;

e) copy of communications made by entities subject to GIFiM and other competent authorities; It is

f) records of the results of internal analyses, as well as the record of the grounds for the decision of the subject entities in the sense of not communicating these results to GIFiM or other competent authorities.

2. The characteristics of suspicious transactions to be preserved must:

a) be recorded in writing and kept by financial institutions and non-financial entities under the conditions set out in the previous number and whenever operations exceed the amount set out in paragraph b) of paragraph 1 of article 15 of this Law;

b) refer to the origin and destination of the funds, as well as the identity of the beneficiaries and the justification for the operations in question;

c) allow the reconstitution of operations.

3. Financial institutions and non-financial entities shall ensure that the duty to preserve documents relating to operations defined in the paragraph 02 of this article is applied to branches, subsidiaries, agencies or any other form of commercial representation located in Mozambican territory whose headquarters are find abroad.

4. All financial institutions and non-financial entities operating in Mozambican territory must maintain accurate and up-to-date information on the beneficial owners of transactions.

5. Administrators of trust funds must retain information on transparency and beneficial ownership for a period of at least 5 years after their involvement with the fund ceases.

6. In order to comply with the provisions of paragraph 1 of this article, the identification elements must be kept in physical, electronic or other means that allow easy location and immediate access by GIFiM or other competent authorities.

7. Judicial, supervisory, law enforcement authorities, GIFiM and other competent authorities must have access to the information referred to in paragraph 6 of this article.

8. The supervisory authorities may, exceptionally, determine that the retention period referred to in paragraph 1 of this article be extended.

Article 44
(Reporting Duty)

1. Financial institutions and non-financial entities must immediately file a communication to GIFiM, in the form specified by it, whenever:

a) suspect or have good reason to suspect that funds or assets are the proceeds of criminal activity, are related or linked to it;

b) there are indications that said funds are used for financing terrorism and financing the proliferation of weapons of mass destruction;

c) have knowledge of a fact or activity that may indicate the crime of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

2. The obligation referred to in the paragraph 01 of this article is also applicable in cases of attempts to carry out a transaction.

3. Financial institutions and non-financial entities must also, and regardless of whether the transactions are carried out in a single installment or in structured, notify GIFiM of all transactions:

a) in cash, equal to or greater than two hundred and fifty thousand meticais;

b) with a value equal to or greater than seven hundred and fifty thousand meticais.

4. The information provided pursuant to paragraph 1 of this article may only be used in criminal proceedings and may not be revealed, under any circumstances, to the identity that provided it.

5. In the case of lawyers and other independent legal professions, where the operations referred to in subparagraph e) of paragraph 3 of article 5 of this Law are at stake, the information obtained in the context of the assessment of the situation is not covered by the duty to communicate of the client, within the scope of legal consultation, in the exercise of its mission to defend or represent the client in a legal proceeding, or regarding a judicial proceeding, including advice on how to propose or avoid a lawsuit, as well as the information that are obtained before, during or after the process.

Article 45
(Declaration upon entry or exit)

1. Any person who enters or leaves Mozambican territory, who is in possession of national or foreign currency and bearer negotiable instruments, with a value equal to or greater than the amount established in foreign exchange legislation, must make a declaration to the customs authorities.

2. The declaration referred to in paragraph 01 of this article is due, even if the movement of national or foreign currency and negotiable bearer instruments occurs by post or cargo.

3. The cross-border movement of currency and Negotiable Bearer Instruments by mail is only permitted to credit institutions and financial companies with prior authorization from the Bank of Mozambique.

4.Without prejudice to the direction of instruction by the Public Prosecutor, it is incumbent upon the Tax Authority, within the scope of this law:

a) to proceed, by all applicable means, the investigation and instruction of criminal proceedings relating to the seizure of monetary values in the field of cross-border movement;
b) ascertaining the origin, destination and intended use of the currency or Negotiable Bearer Instruments.

5. The statement referred to in paragraph 1 of this article must be communicated to GIFiM by the Tax Authority.

6. The Tax Authority or other competent authorities must seize the amount or instruments when:

a) there is no declaration or false declaration of money and other negotiable instruments;

b) there is a well-founded suspicion of money laundering or terrorist financing.

7. The documentation collected by the Tax Authority in relation to physical cross-border movements of foreign currency or negotiable bearer instruments or their registration, must be kept for a period of 10 years and be made available to the judicial authorities, the Bank of Mozambique, the National Service of Criminal Investigation - SERNIC and GIFiM, whenever requested.

8. The cooperation provided for under paragraph 7 of this article includes the exchange of information, carrying out investigations, inspections, inquiries or other admissible steps on behalf of the national or foreign authorities, with the competent authorities providing them with all the information they may obtain under the terms of powers conferred by applicable law.
9. In the cases provided for in paragraph a) of paragraph 6 of this article, the sanctioning measures established in the foreign exchange legislation apply.

Article 46
(Dissemination of information)

1. It is up to GIFiM and the supervisory and regulatory authorities, within the scope of their respective attributions, to adopt measures and procedures that allow, on their own

initiative, to issue alerts and disseminate updated information, based on the disclosures made by the Financial Action Group or other credible sources about:

a) known risks, methods and trends of money laundering and terrorist financing;

b) signs and elements characterizing suspicion that allow the detection of operations that must be reported under the terms of this Law;

c) relevant concerns regarding the weaknesses of the mechanisms for preventing and combating money laundering and the financing of terrorism existing in other jurisdictions;

d) other aspects that help to comply with the provisions of this Law and the respective regulations.

2. The information provided for in paragraph 01 must be made available on the website of GIFiM and the supervisory and regulatory authorities, if it does not jeopardize the prevention or combating against money laundering, financing of terrorism and proliferation of weapons of mass destruction.

Article 47
(Feedback of information)

1. GIFiM must provide timely feedback to financial and non-financial entities, supervisory and regulatory authorities on the routing and outcome of reports of suspicious operations involving money laundering, financing of terrorism and financing of the proliferation of weapons of reported mass destruction.

2. The law enforcement authorities are obliged to provide feedback on the information disseminated by GIFiM, for the purposes of complying with the paragraph 01 of this article.

3. The return of the information referred to in the paragraph 02 of this article must be carried out on a quarterly basis.

Article 48
(Examination duty)

1. Financial institutions and non-financial entities must examine, with special care and attention, in accordance with their professional experience, any conduct, activity or operation whose characterizing elements make, in particular, the operation likely to be related to money laundering capital or the financing of terrorism.

2. For the purposes of the paragraph 01 of this article, the following characterizing elements are especially relevant:

a) the nature, purpose, frequency, complexity, unusualness and atypicality of the conduct, activity or transaction;

b) the apparent non-existence of an economic purpose or a lawful purpose associated with the conduct, activity or operation;

c) the amount, origin and destination of the funds moved;

d) the place of origin and destination of the operations;

e) the means of payment used;

f) the nature, activity, operating pattern and profile of the intervening parties; It is

g) the type of transaction or product that may favor anonymity in particular.

3. The results of the examination referred to in paragraph 1 of this article must be reduced to writing and kept for a minimum period of 5 years, remaining available to the auditors, when they exist, and to the supervisory bodies.

Article 49
(Duty of control)

1. Financial institutions and non-financial entities shall develop and implement programs to prevent and combat money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction that include the following:

a) adoption of internal control policies and procedures, including appropriate mechanisms to verify compliance and adequate procedures to ensure criteria for hiring employees;

b) regulation of the internal audit.

2. Financial institutions and non-financial entities must adopt internal procedures for reporting suspicious transactions including the appointment of a Compliance Officers (COs) for each branch, subsidiaries, or any other form of representation and implement controls and internal procedures to prevent and combat money laundering, terrorist financing and the proliferation of weapons of mass destruction.

3. The COs should be chosen from among management-level staff within the institution whenever possible.

4. Under no circumstances should COs be notified to make statements or testify before the Police, Public Prosecutor or the Court or even be accused of violating bank secrecy, due to the fulfillment of its duty to report suspicious transactions to GIFiM.

5. The competent supervisory authority may, through regulations or internal orders, determine the type and extent of the measures to be applied, in order to comply with the requirements referred to in the previous numbers, taking into account the risk of money laundering, financing of terrorism and financing the proliferation of weapons of mass destruction, as well as the related turnover.

Article 50
(Compliance with obligations by branches and subsidiaries)

1. Financial institutions and non-financial entities must demand from their branches and subsidiaries located abroad:

a) the application of control policies and procedures implemented in compliance with the provisions of article 49 of this Law;

b) the implementation of information sharing procedures for the purposes of preventing and combating money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

2. For the purposes of paragraph 1 (b) , the branches and subsidiaries share any relevant information to ensure the prevention and fight against money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, including the providing information about:

a) customers, accounts and specific operations, namely the elements that perform functions related to compliance control and auditing and, in general, with the prevention and combat against money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction;

b) suspicions that certain funds or other assets come from criminal activities or are related to the financing of terrorism, provided that it is authorized by the financial intelligence unit of the foreign country.

3. Whenever the minimum requirements applicable to preventing and combating money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction in the foreign country prove to be less rigorous, financial institutions and non-financial entities ensure the application of laws , Mozambican regulations and provisions, including with regard to the protection of personal data, to the extent permitted by the law of the foreign country.

4. For the purposes of this article, financial institutions and non-financial entities shall take into account all prohibitions, restrictions or other conditions imposed by the law of the foreign country that may prevent or limit the application of the provisions of paragraph 3 of this article, including those relating to secrecy, protection of personal data and others relating to the sharing of information.

5. If the foreign country does not allow the application of the provisions of paragraph 3 of this article, financial institutions and non-financial entities must:

a) ensure that its branches and affiliates apply additional measures to effectively control the risk of money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction; It is

b) immediately inform the supervisory authorities of the impediments verified and of the additional measures adopted.

6. When the additional measures referred to in the paragraph 05 are not sufficient to effectively control the risk of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, the supervisory authorities must implement the additional measures necessary to mitigate of the verified risk, which may include the following control actions:

a) prohibition of establishing new business relationships or requirement to terminate existing business relationships;

b) prohibition or limitation of the execution of operations;

c) whenever necessary, exiting of activity in the host country;

d) any other measures, among those provided for in article 62 of this Law, that prove adequate to mitigate the identified risks.

Article 51
(Duty of training)

1. All financial institutions and non-financial entities must guarantee specific, adequate and regular training actions for their managers and employees with the aim of improving their knowledge of operations and actions that may be linked to money laundering or terrorist financing and instruct them on the procedures they should adopt.

2. Financial institutions and non-financial institutions must keep, for a period of 5 years, copies of documents or records relating to training provided to employees.

Article 52
(Duty of collaboration)

1. Financial institutions and non-financial entities must collaborate with the competent judicial authorities, the entity responsible for State Security, as well as GIFiM, when requested, providing information on operations carried out by their customers or presenting documents related to the respective operations, goods, deposits or any other values in their custody.

2. Financial institutions and non-financial entities must have systems and instruments that allow them to respond promptly and fully to requests for information submitted by GIFiM and by other entities with competence in this matter, aimed at determining whether they maintain or have maintained, in the last 10 years business relationships with a particular natural or legal person and the nature of these relationships.

3. The request for collaboration from the judicial authorities must be based on an ongoing criminal case, duly individualized and duly materialized.

4. Under no circumstances, the Head of GIFiM, the Deputy Head and GIFiM employees may be notified to give statements or testify before the police authorities, the Public Prosecutor's Office or the court, by virtue of the exercise of their functions, including the fulfillment of its duty to disseminate Financial Information Reports.

5. The provisions of paragraph 5 of article 46 of this Law also apply to the exercise by lawyers of the duty of collaboration.

Article 53
(Duty of professional secrecy)

1. The reporting entities, holders of the governing bodies of legal persons, managers, agents, or any other person who performs functions at the service of financial institutions and non-financial entities, are prohibited from disclosing to the customer or third parties the reporting of suspicious transactions referred to in article 45 of this Law.

2. The provisions of paragraph 01 of this article is applicable to all correspondence between supervisory authorities, financial institutions and non-financial entities.

4.It does not constitute a violation of the duty set out in paragraph 02 of this article, the disclosure of information legally due to the supervisory authorities.

5. The breach of the duty of professional secrecy shall be criminally liable, under the terms of the violation of professional secrecy committed by public officials as provided for under the Penal Code, without prejudice to the disciplinary responsibility.

Article 54
(Exclusion of liability)

1. Financial institutions and non-financial entities or their directors or employees who, in good faith, report suspicious transactions or provide information to GIFiM under the terms of this Law, are not subject to administrative, civil or criminal liability for breach of contract and banking or professional secrecy.

2. No legal action for money laundering and terrorist financing may be brought against financial institutions and non-financial entities, nor against their directors or employees as a result of the execution of a suspicious transaction when this has been communicated in accordance with paragraph 01 of this article.

Article 55
(Supervisory authorities)

The supervision of financial institutions and non-financial entities within the scope of preventing and combating money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction is carried out by the following authorities:

a) Bank of Mozambique, in relation to the entities referred to in numbers 1, 2, 3 and 4 of article 4 of this Law;

b) Mozambique Institute for Insurance Supervision, in relation to the entities referred to in paragraph 5 of article 4 of this Law;

c) General Gaming Inspectorate, in relation to the entities referred to in paragraph a) of paragraph 3 of article 5 of this Law;

d) The Mozambican Bar Association in relation to lawyers and those who exercise illicit attorney ship;

e) Association of Accountants and Auditors of Mozambique in relation to Accountants and Auditors;

f) Ministry that oversees the area of mineral resources, in relation to gems and precious metals;

g) Ministry that oversees the area of industry and commerce, in relation to the automobile and jewelry trade;

h) GIFiM, in relation to non-financial entities that are not subject to any other supervisory authority in terms of preventing and combating money laundering,

financing of terrorism and financing of the proliferation of weapons of mass destruction.

Article 56
(Duties of supervisory authorities)

1. The competent supervisory authorities must ensure compliance by financial institutions and non-financial entities with measures to prevent and combat money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

2. Supervisory authorities must also:

a) participate in the national risk assessment pursuant to article 57 of this law;

b) carry out a sectoral risk assessment, under the terms set out in article 58 of this law;

c) adopt the necessary measures to establish adequate criteria for assessing the suitability and reputation for the ownership, control or direct or indirect participation in the administration, management or activity of a financial institution or non-financial entity;

d) regulate and control financial institutions and non-financial entities to fulfill the obligations described in this Law, providing for on-site audits;

e) issue directives or standard instruments to promote compliance with the obligations described in this Law;

f) initiating and prosecuting cases of contraventions and, as the case may be, applying or proposing the application of sanctions;

g) cooperate and share information with other competent authorities and assist the investigation;

h) develop standards or criteria for reporting suspicious transactions;

i) ensure that financial institutions and their subsidiaries and branches, with mostly foreign capital, adopt and apply measures that are in compliance with this Law;

j)Report to GIFiM any suspicious transactions or facts that may be related to money laundering, terrorist financing and border financing of weapons of mass destruction;

k) Promote prompt and effective cooperation with counterpart authorities, including the exchange of information;

l) keep statistics on the measures adopted and adjust imposed in the context of this Law;

m) Requiring the presentation on site and outside financial institutions and non-financial entities of any information necessary to assess the requirements for preventing and combating money laundering, financing of terrorism and financing the proliferation of weapons of mass destruction.

Article 57
(National Risk Assessment)

1. The Financial Intelligence Unit of Mozambique - GIFiM, supervisory authorities and other competent authorities shall carry out a risk assessment, at the national level, to identify, assess and understand the risks associated with money laundering, terrorist financing and financing the proliferation of weapons of mass destruction, as well as coordinating the national response needed to mitigate the risks detected.

2. The GIFiM Coordination Council is responsible for conducting the National Risk Assessment and preparing the National Strategy for the Prevention and Combat of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction.

3. In carrying out the National Risk Assessment, all public and private entities at national level relevant to the identification and understanding of the risk of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction must participate.

4. The National Risk Assessment should be updated periodically, with a frequency adapted to the evolution of risks or on a five-year basis.

5. The results of the National Risk Assessment shall be included in a Report to be made available to all competent authorities, financial institutions and non-financial entities.

6. The GIFiM Coordination Council submits the National Risk Assessment Report, the Action Plan and the National Strategy for the Prevention and Combat of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction and any of the its updates to the approval of the Council of Ministers.

Article 58
(Sectoral risk assessment)

1. Without prejudice to the provisions of article 57 of this law, supervisory authorities and other competent authorities in the field of preventing and combating money

laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction must carry out sectoral risk assessments or of another nature.

2. Sector assessments are updated every 2 years or whenever important events or developments occur in the management and operations of an entity or group in particular and the sector in general.

Article 59
(Risk-based supervision)

1. The supervisory authorities must supervise the provisions of this Law and other legislation, taking into account:

a) the risks of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction identified;

b) the policies, internal controls and procedures of the institution, entity or group under its supervision, as identified in the assessment of the risk profile of said institution or group, carried out by the supervisory authority;

c) the characteristics of institutions or financial groups, in particular the diversity and number of financial institutions and the degree of discretion attributed to them under this Law.

2. Supervisory authorities should regularly assess the risk profile of money laundering, terrorist financing and proliferation financing of weapons of mass destruction, financial institutions, non-financial entities or group, including the risks of non-compliance and whenever important events or developments occur in their management and operations.

Article 60
(Sanctions applicable by supervisory authorities)

1. The competent supervisory authorities that detect the violation of the obligations provided for in this Law, must impose sanctions for violation of measures to prevent and combat money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

2. The competent supervisory authority is obliged to inform GIFiM about violations of this Law and the sanctions applied.

Article 61
(Shell Banks)

1. The establishment of shell banks or banks that do not maintain the continuous exercise of activity in Mozambican territory is prohibited.

2. Financial institutions are prohibited from establishing correspondence relationships with shell banks.

3. Financial institutions are prohibited from establishing correspondence relationships with other institutions that are known to allow their accounts to be used by shell banks.

4. As soon as financial institutions become aware that they maintain a correspondence relationship with shell banks or other financial entities and that they become aware that they allow their accounts to be used by shell banks, they must terminate the same and communicate immediately to GIFiM and the supervisory authority.

Article 62
(Non-profit organizations)

1. The Ministry that oversees the area of non-profit organizations must adopt regulations that ensure that said organizations are not manipulated or used for the purposes of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

2. Any non-profit organization that collects, receives, grants or transfers funds as part of its activity must retain information relating to the object and purpose of its activities and the identity of the persons who own, control or direct its activities, in particular senior employees, board members and managers.

3. Non-profit organizations must avail to GIFiM and Judiciary authorities, when requested, through legal means, annual financial statements that include a detailed breakdown of their income and expenses.

4. Non-profit organizations must have adequate control mechanisms in place to ensure that all funds are properly accounted for and used in accordance with the object and purpose of the organization's stated activities.

5. Non-profit organizations must immediately submit a report to GIFiM, pursuant to number 1 of article 44 of this Law, and the GIFiM should keep secrecy about the reports as well as the identity of the reporting entity.

6. Non-profit organizations must keep, for a period of 5 years, domestic records and international transactions sufficiently detailed to allow verification that the funds were used in accordance with the object and purpose of the organization and must make these

records available to the GIFiM and judicial authorities when requested through legal mechanisms.

7. Any grants, donations or other financial contributions in any capacity intended for non-profit organizations, of amounts equal or above two-hundred and fifty thousand meticais, must be made by bank transfer, to an account opened in the name of the organization or by cheque, under the terms to be regulated.

8. Non-profit organizations must collaborate whenever requested by GIFiM, as well as by the judicial authorities, including availing the relevant elements for assessing the compliance with the provision of this article.

Article 63
(Freezing of assets and goods)

1. Financial and Non-Financial institutions should report immediately to the Attorney General's Office to the supervisory authorities and to the GIFiM the existence of funds, assets linked with terrorists, terrorists organizations or individuals or associated entities or that belong to these individuals or organizations according to the list designated by the United Nations Security Counsel.
2. Non compliance with the provisions of the preceding paragraphs from a financial and non-financial institution shall be punishable as provided for under article 80 of this law.

Article 64
(Destiny of profits, credits and other assets)

1. Tha amounts obtained with profit, credit and other assets declared loss in favor of the State, as provided for under the preceding articles, shall have the following destiny:
   a) Support action, measures, combating means and money laundering, financing of terrorism programs;
   b) Support the entities directly involved in the prevention and combating of money laundering financing of terrorism;
   c) Support the involved entities in tracing suspicious transactions related precious metals and stones.
2. The amounts resulting from the profits, credits and other assets, seized and declared loss in favor of the State shall have the following destiny:
   a) 60% State Budget;
   b) 40% to support activities, measures, combating means and money laundering, financing of terrorism programs and financing of proliferation of weapons of mass destruction;

3. The leasing of assets, objects and amounts provided for under this law shall follow the rules for selling of seized goods in penal proceedings without prejudice to other relevant legislation;
4. All goods, objects that have been reverted in favor of the States, which due to their nature and characteristics could be used in the commitment of another offences, should be destroyed as long as can not be used for didactic and criminalistic purposes.
5. In the absence of International Convention, the goods and funds resulting from its sales, are shared between the requested State and the requestee, according to the reciprocity principle.
6. It is the duty of the Government to determine the distribution of the percentage referred to under paragraph 2 (b) of this article amongst the involved parties;

CHAPTER VI
Cooperation

Article 65
(Duty of cooperation)

1. The competent authorities for preventing and combating money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction must provide any information, assistance or other form of cooperation requested by similar authorities, or that proves to be necessary to achieve the purposes pursued by that authority.

2. The cooperation provided for in the paragraph 01 of this article, includes carrying out investigations, inspections, investigations or other admissible steps on behalf of similar authorities, with the competent authorities providing them with all the information they may obtain under the powers conferred by national law, with respect for the safeguards provided for in the following article.

3. The cooperation provided for in the paragraphs 01 & 2 of this article is provided:

a) spontaneously or at the request of the requesting authority, as the case may be;

b) in the shortest time possible and by the most expeditious and effective means;

c) regardless of the status or nature of the foreign authority;

d) whenever necessary and subject to authorization, indirectly between the requested authority and the requesting authority, the information being able to be channeled through one or more national or foreign authorities before reaching its final recipient.

4. The competent authorities internally define reliable, safe and effective channels and procedures that ensure the timely reception, execution, transmission and prioritization of requests for cooperation, with respect for the safeguards referred to in the following article.

5. The competent authorities must also, at the request of a foreign authority that provides them with cooperation and whenever possible, ensure a timely return of information to those authorities on the use and usefulness of the cooperation provided, namely with regard to the results of the analyzes or other steps taken based on the information provided.

Article 66
(Safeguards)

1. Competent authorities shall ensure that requests for cooperation processed under this Chapter are related to the prevention of criminal activities from which funds or other assets are derived, money laundering, terrorist financing and the financing of weapons proliferation. of mass destruction.

2. Without prejudice to the provisions of the following number, the competent authorities must:

a) use the information they receive from the transmitting authority, exclusively for the purposes for which such information was requested or provided;

b) adopt the necessary safeguards to ensure that the information is only used for authorized purposes.

3. Any disclosure of information received under the paragraph 02 of this article to any other authority or to any other third parties, as well as any use for purposes that exceed those initially approved, are subject to prior consent by the transmitting authority.

4. When executing a request for international cooperation, or when processing information received pursuant to a request for international cooperation, the competent authorities must:

a) ensure an adequate degree of confidentiality of information, in order to protect the integrity of any inquiries, investigations, diligences or other steps that led to the request for cooperation;

b) ensure that the exchange of information subject to the request for cooperation is carried out through secure and reliable channels;

c) Observe in particular the provisions applicable to the protection of personal data, professional secrecy, judicial secrecy, State secrecy and in all other cases in which secrecy is protected;

d) ensure in general that the execution of the request for cooperation, or the processing of information received under the same, are carried out in accordance with Mozambican law, except when, at the request of the foreign authority or following an agreement, it must be followed the law of the foreign State, if this does not contradict the fundamental principles of Mozambican law and does not result in discriminatory treatment in relation to those principles.

5. The competent authorities may refuse to provide information to the requesting authority that is not in a position to ensure verification of the safeguards referred to in paragraph 04 of this article.

Article 67
(Duty of cooperation between supervisory authorities)

1. The supervisory authorities defined in this Law cooperate with foreign authorities that, regardless of their nature or organizational status, pursue functions similar to those provided for in this Law or in other diplomas that regulate the supervision of the activity pursued by financial entities.

2. Without prejudice to the provisions of paragraph 4 of this article, the supervisory authorities of financial entities exchange, spontaneously or upon request, all relevant information for the supervisory activity, which they may have under the terms of this law and the other diplomas that govern the respective activity, in accordance with the applicable international standards and in proportion to the respective needs, including:

a) information held by or related to financial entities, including information on:

i. policies, procedures and internal controls;

ii. customers, accounts and concrete operations.

b) information obtained within the scope of supervision, including information on:

i. the activities and business areas pursued by the financial entities;
ii. beneficial owners of financial entities and other persons who hold qualified shareholding in them;
iii. the management and supervision of financial entities, namely information on the identity, competence and suitability of the holders of the management, supervisory bodies and other essential functions;
iv. information on possible defaults or on the risk of their occurrence;

v. information on applicable local regulations and other information of general interest on supervised sectors.

3. The supervisory authorities of financial entities may, within the scope of cooperation agreements that they have concluded and for the exercise of supervisory functions, exchange information subject to secrecy with authorities that carry out similar functions in foreign States, on a reciprocal basis and upon the demonstration of equivalent requirements regarding professional secrecy.

4. All authorities, organizations and persons participating in the exchange of information referred to in the previous numbers are subject to the transferring supervisory authority's duty of secrecy.

5. Without prejudice to the provisions of paragraph 4 of this article, in addition to carrying out inspections, investigations or any other steps on behalf of foreign authorities, the supervisory authorities of financial entities, provided that they are previously informed, allow them to carry out investigations or inspections in Mozambican territory.

6. The supervisory authorities of financial entities comply with the provisions of paragraph 3, article 66 of this law to the extent that the opposite does not result from the applicable legal obligations, and the supervisory authorities must immediately inform the foreign authority that provides them with information on any legal obligations that make it impossible or have made it impossible to obtain prior consent for the disclosure of the information provided to third parties.

7. The supervisory authorities of financial entities may only communicate information originating in another State with the express consent of the transferring authority and, if applicable, exclusively for authorized purposes.

8. In the case of financial entities that form part of a group, the supervisory authorities cooperate especially with the competent authorities of the State in which the parent company is established, when it is located outside national territory.

Article 68
(Legal and judicial cooperation)

Legal and judicial cooperation relating to money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction is regulated by the Law that establishes the principles and procedures of international legal and judicial cooperation in criminal matters.

Article 69
(Omission of the Identity and Protection of the Witness)

Whenever necessary and without the need of cumulative verification of the provisions of articles 05 of law 15/2012 of 14 August, it is applied to the victims, whitblowers, bona fide third parties, declarants and experts and other vulnerable parties specially the protection measures provided for in the referred law.

Article 70
(**Exclusion of professional secrecy)**

Professional secrecy cannot be invoked as an excuse for complying with the obligations arising from this Law, when information is requested, or the production of a related document is ordered by the judicial, supervisory and GIFiM authorities.

CHAPTER VIII
Penalty System

Article 71
(Applicable law)

For the offenses provided for in this Law, with the exception of the criminal sanctions specifically provided for in the criminal legislation, the regime of contraventions and accessory measures is applicable, respectively, without prejudice to civil liability, under the applicable terms.

Article 72
(Liability of financial institutions, non-financial entities and other legal persons)

1. Financial institutions and non-financial entities and other legal persons are liable for offenses committed by the members of their respective bodies and by the holders of governing bodies, of leadership or management, within the scope of their duties, as well as for offenses committed by their representatives in acts performed in its name and interest.

2. The declaration of inefficiency and legal invalidity of any acts carried out by the persons indicated above, which justifies the legal relationship between the perpetrator of the act and the institution or entity, does not nullify the effects of the provisions of the paragraph 01 of this article.

3. The legal person through which or for its benefit the crime of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction is committed, is punished in the same terms of item i) of paragraph a) and of item i) of

paragraph b), both of paragraph 1 of article 80 of this Law, without prejudice to the application of the measures contained in article 81 of this Law, with the necessary adaptations.
4. Without prejudice to the provisions of the paragraph 03 of this article, a legal person is also liable when, due to lack of supervision or control, it has made possible the commission of the crime of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction for his benefit, through a natural person acting under his authority.

Article 73
(Individual responsibility)

The liability of financial institutions and non-financial entities does not exclude the individual liability of agents of infringements who act as members of their governing bodies, heads or managers, or who act as legal or voluntary representatives, their employees and staff.

Article 74
(Fulfillment of duty omitted)

The sanction applied to the offender of an omitted duty under the terms of this Law does not imply the waiver of the fulfillment of that duty, unless it is not enforceable.

Article 75
(Obstruction of justice)

1. Anyone who, through the use of force, intimidation, promise or offer, interferes with the actions of the authorities or, in any other way, induces third parties to falsely testify or interferes with the production of evidence in the investigation process or in any other procedural phase of the crimes provided for in this Law, shall be sentenced to 2 to 8 years in prison.

2. The authorities take appropriate measures with a view to effective protection against possible retaliation or intimidation of witnesses, their relatives or close people.

Article 76
(Prescription)

1. For the purposes of prescribing criminal proceedings and contraventions, the provisions of the Penal Code applies.

2. The procedure relating to the contraventions provided for in this chapter prescribes within a period of five years from the date of its practice.

3. Fines and accessory measures prescribe within a period of five years, counting from the date on which the administrative decision becomes final or the date on which the judicial decision becomes final.

Article 77
(Extenuating circumstances)

1. Without prejudice to those provided for in the Penal Code, mitigating circumstances are considered, for the crime of money laundering, the provision of information that allows:

a) prevent or limit the effects of the crime;

b) identify or accuse other agents of the crime;

c) obtain evidence;

d) prevent the commission of other crimes of money laundering or financing of terrorism;

e) deprive organized criminal groups of their resources or the proceeds of crime.

2. Without prejudice to those provided for in the Penal Code, the following are considered mitigating circumstances for the crime of financing terrorism:

a) non-consummation of terrorist acts for any reason;

b) the provision of information to prevent or limit the effects of the terrorist act;

c) provision of information enabling the identity of terrorists or terrorist organizations to be ascertained.

3. Without prejudice to those provided for in the Penal Code, the following are considered mitigating circumstances for the crime of financing the proliferation of weapons of mass destruction:

a) non-use of funds, assets, rights or benefits collected or provided for the purposes referred to in article 9 of this Law;

b) provision of information to prevent the consummation of the crime referred to in article 9 of this Law;

c) provision of information to determine the identity of the agents of crime referred to in article 9 of this Law, as well as the places where weapons of mass destruction are produced, handled or stored**.**

Article 78
(Aggravating circumstances)

1. Without prejudice to those provided for in the Penal Code, the following circumstances are also considered aggravating for the crime of money laundering, when:

a) the predicate offense applies a prison sentence that exceeds the maximum limit of the crime of money laundering;

b) the crime is committed within the scope of the activities of a company;

c) the crime is committed within the scope of a criminal association or organization, by anyone who forms an integral part of it or supports it;

d) the typical illicit fact from which the advantages derive constitute an act of terrorism, illicit trafficking in narcotic drugs and psychotropic substances, illegal trafficking in persons, human parts and organs and explosive substances;

e) the amount subject to laundering exceeds 14 million meticais;

f) the agent habitually commits the crime.

2. Without prejudice to those provided for in the Penal Code, the following circumstances are also considered aggravating for the crime of financing terrorism, when:

a) the funding is intended for an organization or person on the United Nations Designated Lists;

b) the financing activity is habitual or the agent of the crime is a recidivist;

c) the terrorist act committed is of particular gravity, due to the number of deaths, injuries, property damage or other circumstances; It is

d) the crime is committed within the scope of activities of a company or organization.

3. Without prejudice to those provided for in the Penal Code, the following circumstances are also considered aggravating for the crime of financing the proliferation of weapons of mass destruction, when:

a) the funding is intended for States, organizations or persons appearing on the United Nations Designated Lists;

b) the financing activity is habitual or the agent of the crime is a recidivist;

c) effective use of weapons of mass destruction;

d) the use of weapons of mass destruction is particularly serious because of the number of deaths, injuries, damage to property or other circumstances; It is

e) the crime is committed within the scope of activities of a company or organization.

Article 79
(Misdemeanours)

1. Under the terms of this Law, the following typical unlawful acts constitute contraventions:

a) non-compliance with the risk assessment duty by financial institutions and non-financial entities, in violation of the provisions of article 12 of this Law;

b) carrying out procedures for identifying and verifying customers, their representatives and beneficial owners, disregarding the time frame in which they must take place under the terms of article 15 of this Law;

c) opening or maintaining anonymous and numbered accounts or with clearly fictitious identification elements, in violation of the provisions of article 15 of this Law;

d) the total or partial omission of enhanced due diligence measures to customers and operations likely to reveal a high risk of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, in relation to:

i. operations without the physical presence of the customer, his representative or ultimate beneficiary and all those that may favour anonymity, provided for in article 18 and paragraph c) of paragraph 2 of article 15 of this Law;
ii. operations carried out with politically exposed persons and any others designated by the supervisory authorities of the respective sector in violation, provided for in article 23 of this Law;
iii. cross-border banking correspondence relationships with institutions established in third countries, provided for in article 37 of this Law;

e) resorting to the performance of identification and due diligence obligations by third parties with non-compliance with the conditions and terms provided for in article 17 of this Law;

f) non-compliance with the duty to implement mechanisms for the application of restrictive measures for freezing assets and economic resources and for blocking transactions related to terrorism, the proliferation of weapons of mass destruction and the respective financing in violation of the provisions of article 20 of this Law;

g) non-compliance with the rules relating to authorization for the exercise of activity by virtual asset service providers provided for in article 25 of this Law, as well as violation of other regulatory provisions;
h) non-compliance with measures related to Life Insurance and other investment products related to insurance, defined in Section IV of this Law;

i) non-compliance with the specific measures provided for in Section V of this Law;

j) non-compliance with the specific obligations of entities without legal personality in violation of the provisions of Section VI of this Law;

k) non-compliance with obligations relating to electronic transfers provided for in article 38 of this Law;

l) non-compliance with the enhanced due diligence measures imposed by article 39 of this Law;

m) the adoption of simplified procedures and measures for identification and verification, without complying with the conditions and terms contained in article 40 of this Law;

n) failure to comply with the duty of refusal pursuant to article 41 of this Law;

o) failure to comply with the duty to abstain, in violation of the provisions of article 42 of this Law;

p) non-compliance with the duty to preserve documents, as provided for in article 43 of this Law;
q) non-compliance with the duty to communicate to GIFiM, pursuant to article 44 of this Law;

r) Failure to comply with the duty to examine with special care and attention any conduct, activity or operation whose characterizing elements make it likely to be related to funds or other assets arising from money laundering, terrorist financing and proliferation financing, under the terms of article 48 of this Law;

s) non-compliance with the programs and measures of internal control, provided for in article 49 of this Law;

t) non-compliance with the rules relating to group relations, branches and subsidiaries abroad, provided for in article 50 of this Law;

u) non-compliance with the duty of training, and the obligation to keep records relating to training in violation of the provisions of article 51 of this Law;
v) violation of the duty of collaboration provided for in article 52 of this Law;

w) non-compliance with the duty of professional secrecy contained in article 53 of this Law;

x) Violation of norms contained in sectoral regulatory instruments, issued pursuant to this Law, in the exercise of the powers provided for in paragraphs a) and b) of paragraph 2 of article 56 of this Law;

y) the constitution of shell banks, as well as the establishment of correspondence relationships with shell banks or with other institutions that are known to allow their accounts to be used by shell banks in violation of the provisions of article 61 of this Law;

z) non-compliance with the specific obligations of Non-Profit Organizations, in violation of the provisions of article 62 of this Law.

2. For the purposes of this article, negligence is always punishable, the maximum and minimum limits of the fine are reduced by half.

Article 80
(Fines)

1. The contraventions provided for in article 78 of this law are punishable in the following terms:

a) when the offense is committed within the scope of the activity of a financial institution:

i. with a fine of two to ten million meticais, if the offender is a legal person;

ii. with a fine of six hundred thousand to six million meticais, if the offender is a natural person.

b) when the offense is committed within the scope of the activity of a non-financial entity:

i. with a fine of one million to five million meticais, if the offender is a legal person;

ii. with a fine of three hundred thousand to three million, if the offender is a natural person.

c) when the offense is committed by a collective entity without legal personality, trust funds or other centers of collective interests without legal personality of a similar nature, with a fine of six hundred thousand to six million meticais, to the respective Chief Executive.

2. Those provided for in subparagraphs a), b), c), e), f) and h) of paragraph 1 are especially serious contraventions, in which case the fine is increased as long as it does not exceed half of the corresponding maximum limit. of article 81 of this Law.

Article 81

(Accessory measures)

1. The following accessory measures are also applicable to agents of offenses provided for in this Law:

a) the revocation or suspension of the authorization granted for a period of three years, depending on the seriousness, for the exercise of the activity, in the case of recidivism in the case of responsibility of legal persons;

b) disqualification, for a period of 1 to 10 years, from holding positions of direction, leadership or management of legal persons, or from acting in legal or voluntary representation, in the case of responsibility of natural persons;

c) impediment to carry out business activities directly or indirectly, for a period of 6 months to 3 years;

d) placement under the enhanced supervision of the competent authority;

e) the closure of activities that served to commit the crime for a period of 1 to 10 years;

f) placing in the process of dissolution;

g) publication of the condemnatory sentence at the expense of the offender;

h) expulsion from the country after serving the sentence, in the case of a foreigner.

2. There is always publicity by the supervisory authority, after the final and unappealable decision on the application of ancillary measures;

3. Advertising costs are borne by the supervisory body, without prejudice to the exercise of the right of recourse;

4. With the exception of the measures provided for in paragraphs a) and d) of paragraph 1 of this article, all other measures require a court decision.

Article 82

(Joint liability)

1. Financial institutions and non-financial entities and other legal persons are jointly and severally liable for the payment of fines, legal fees, costs and other charges incurred by their directors, managers, employees, for the commission of offenses for which they are convicted under the terms of this Law.

2.Every holder of the administrative bodies of legal persons who has not opposed the practice of any offense provided for under the terms of this Law, being in possession of knowledge of such practice, being able to oppose it, responds, individually and subsidiarily , for the payment of a fine and other procedural costs applied, in which the persons mentioned in the paragraph 01 of this article, even if the financial entity has been dissolved or entered into liquidation, the date on which the facts were committed.

Article 83

(Destination of Fines)

The product of fines applicable under the terms of this Law reverts to the State, the following distribution must be observed:

a) 40% for the State Budget;

b) 32.5% in favor of the supervisory authority responsible for processing the case;

c) 27.5% in favor of GIFiM.

CHAPTER IX

Final and Transitional Provisions

Article 84

(Regulation)

It is the responsibility of the Council of Ministers to regulate this Law, within a period of 180 days from the date of its publication.

Article 85

(Repealing and replacing Rule)

Law no. 11/2022, of 7 July, which establishes the legal regime for the Prevention and Combat of Money Laundering and Terrorism Financing, is repealed and replaced.

Article 86

(Implementation)

This Law enters into force **on the date of its publication.**

Approved by the Assembly of the Republic, on 11th August of 2023.- Madame Speaker of the Assembly of the Republic, *Esperanca Laurinda Francisco Nhiuane Bias.*

Promulgated, on 22nd August of 2023.

To be Gazzete

The President of the Republic. FILIPE JACINTO NYUSI

Attachment

Glossary

For the purposes of this Law, it is understood by:

A

Undercover operations - those that are carried out by criminal investigation officials, by third parties and/or legal persons, acting under the control of the authority responsible for criminal investigation for the prevention or repression of the crimes provided for in this Law, with concealment of their quality and identity .

Assets - goods of any kind, tangible or intangible, movable, immovable, acquired in any way, whether located in the national territory or abroad, through documents or legal instruments, in any form, including electronic or digital, evidencing the right to , or interest in assets such as bank loans, traveler's checks, money orders, stocks, bonds, bonds, drafts and letters of credit.

Virtual assets – consist of the digital representation of value that can be stored, traded or transferred digitally and used for payment or investment purposes, which do not include the digital representation of fiduciary currencies, securities or other financial assets provided for in this Law .

Supervisory authorities – national authorities entrusted by law with supervising and supervising financial institutions, as well as non-financial entities.

B

Shell bank – bank that does not have any physical presence in the country in which it is constituted and authorized, and that is not part of a regulated financial group subject to consolidated and effective supervision. The mere presence of a local agent or subordinate officials does not constitute a physical presence.

Ultimate Beneficiary Owner – natural person who is the ultimate owner or who has final control of a customer and/or the person on whose behalf a transaction is carried out. It also includes persons who effectively control a legal person or an entity without legal personality. It should cover:

a) in case the customer is a legal person:

i. natural persons who ultimately hold ownership or control, directly or indirectly, equal to or greater than 10% of the capital of the company or of the voting rights of the legal person, which is not a company listed on a regulated market, subject to information requirements consistent with international standards;

ii. natural persons who, in any other way, exercise control over the management of the legal person;

iii. natural persons who own or control, directly or indirectly, equal to or greater than 10% of participation or securitization units in circulation in an undertaking for collective investment.

b) in case the customer is a legal entity that manages and distributes funds:

i. individual beneficiaries of at least 10% of their assets, when the future beneficiaries have already been determined;

ii. the category of persons in whose main interest the legal person was formed or carries out its activity, when the future beneficiaries have not yet been determined;

iii. natural persons who exercise control equal to or greater than 10% of the assets of the legal person.

c) in the case of trusts or other centers of collective interest without legal personality:

i. the founders (settlers);

ii. trustees;

iii. trustees, if applicable;

iv. the beneficiaries or, if these have not yet been determined, the category of persons in whose main interest the trust is established or carries on its business;

v. any other natural person who has ultimate control of the trust through direct or indirect participation or through other means.

Freezing of funds and assets – act of temporary prohibition of transfer, conversion, disposal or movement of funds and assets or any other type of property, with the property remaining in the ownership of the persons or entities to which they belonged at the time of the seizure order, Its administration may be carried out by a financial institution or non-financial entity.

D

Senior management – natural persons who exercise executive functions in financial institutions and designated non-financial activities and professions who are directly responsible to the board of directors for the day-to-day management thereof.

Dual criminality – circumstance in which a given conduct is qualified as a crime by both the requesting State and the requested State, regardless of the nature of the criminality.

E

Controlled delivery – technical-operative methodology that allows the tracking and control of the illicit shipment of products, goods, values or any advantages, in national or foreign jurisdiction, with the aim of identifying the destination, the beneficial owner and other people involved in the field of investigation of crimes of money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

F

Financing the Proliferation of Weapons of Mass Destruction – refers to the act of providing funds and goods, or financial services that are used, in whole or in part, for the manufacture, acquisition, possession, development, export, transshipment, brokerage, transport, transfer, storage or use of nuclear energy, chemical or biological weapons and their means of delivery and related materials (including technologies and dual-use items used for illegitimate purposes), in violation of national laws or, where applicable, international obligations .

Financing of terrorism – collection or provision of funds or any other resources, by any means, directly or indirectly, with the intention of using them, or with the knowledge that they will be used, in whole or in part, to carry out terrorist acts.

Funds and assets – financial assets, economic resources, assets of any kind, tangible or intangible, movable or immovable, regardless of how they are acquired, and legal documents or instruments in any form, including electronic or digital, that prove the right ownership or other rights under these funds and other assets, namely, bank credits, traveler's checks, bank

checks, money orders, shares, securities, bonds, drafts, letters of credit, as well as any interest, dividends, or other income or income generated by these funds and other assets.

G

FATF- Financial Action Task Force

Gems – mineral, rock, or petrified material that when cut or polished is collectible or usable for personal adornment.

GIFiM-Financial Intelligence Unit of Mozambique

I

Bearer negotiable instruments – include bearer monetary instruments, such as: traveler's checks; negotiable instruments (including checks, promissory notes and money orders) that are issued in bearer form, endorsed without restriction, made out to a beneficial owner or in such a form that title is transferable upon simple delivery; incomplete instruments (including checks, promissory notes and money orders) signed but where the payee's name is omitted.

J

Social games – activities that offer the possibility of winning goods, money or rights with economic value, on the basis of probability, randomness and luck, associated or not with certain skills or knowledge domain and which are not covered by the gaming law fortune or bad luck, namely, bingo, lotteries, totobola, totoloto, lotto, raffles, mutual bets, contests and virtual games.

O

Compliance Officer (COs) – individual responsible for ensuring the reporting of suspicious transactions to the competent authorities and coordinating compliance with the measures established in this Law.

Occasional operation – any transaction carried out by financial institutions and non-financial entities outside the scope of an already established business relationship. Occasional transactions carried out on a regular basis are considered as a single transaction if they are carried out by the same originator or at his behest.

Non-Profit Organization- this are legal entities, legal arrangement, group or organization, which in pursuing its objectives collects or distributes funds, for charity, religious, cultural, educational social or fraternal or for the development of other charitable activities.

Terrorist organization or group – any group of persons that commits or attempts to commit terrorist acts, by any means, directly or indirectly, illegally and deliberately, participates, as an accomplice in terrorist acts, organizes or induces others to commit terrorist acts, or contributes to the commission of terrorist acts by a group of persons acting with a common purpose in which the contribution is made intentionally and with the purpose of facilitating the terrorist act or with knowledge of the group's intention to commit a terrorist act.

P

Politically exposed persons – national or foreign individuals who perform or have performed prominent public functions in Mozambique or in any other country or jurisdiction or in any international organization. Included are, among others:

a) senior positions of a political or public nature:

i. President of the Republic or Head of State;

ii. President of the Assembly of the Republic, Deputies of the Assembly of the Republic, Presidents and members of Provincial Assemblies, and equivalent;

iii. Prime Minister, Ministers, Deputy Ministers, Secretaries of State, Provincial Governors, Secretaries of State in the Province and other positions or equivalent functions;

iv. Counselor Judges of the Supreme Court, the Administrative Court, the Constitutional Council, and their respective Secretaries General, other high-level judicial bodies, whose decisions cannot be appealed, except in exceptional circumstances, Presiding Judges at provincial level;

v. Magistrates of the Public Prosecutor's Office at a level equal to the Judicial Magistrates referred to in the previous sub-paragraph and the Secretary-General;

vii. Members of the Council of State, the National Council for Defense and Security and other Councilors of State;

viii. President and Members of the National Commission of Elections;

ix. Members of the Superior Councils of the Judiciary and the Public Ministry;

x. Members of the Board of Directors of the Bank of Mozambique of bodies and other authorities regulating and supervising the financial sector;

xi. heads of diplomatic and consular missions;

b) Senior Officers of the Defense and Security Forces;

c) Members of management bodies of public companies and companies with exclusively or majority public capital, public institutes, public associations and foundations, public

establishments, whatever the way they are designated, including the management bodies of companies that are part of the sectors local businesses;

d) Members of the Board of Directors, directors, deputy directors and/or persons who exercise or have exercised equivalent functions in an international organization;

e) Members of the governing bodies of political parties;

f) Members of local administrations and municipal authorities;

g) Leaders of religious denominations;

h) Within the scope of this Law, family members and people very close to the aforementioned individuals are also treated as politically exposed persons, namely:

i. the spouse or persons with whom they are living in a de facto union;

ii. parents, children and their spouses or persons with whom they are living in a de facto union;

i) people with recognized and close relationships of a corporate or commercial nature:

i. any natural person, who is well known as a joint owner, with a percentage equal to or greater than 10% of the share capital, with the holder of a high political or public position of a legal person or who has close commercial relations with him;

ii. any natural person who owns the share capital, with a percentage equal to or greater than 10%, or the voting rights of a legal person or the assets of a center of collective interests without legal personality, which is well known as having as its sole beneficiary holder of high office of a political or public nature.

j) Holders of political and public office equivalent to those referred to in paragraph a) of this definition;

k) the status of politically exposed person ceases after two years from the date of cessation of the fact that gave rise to such qualification.

Virtual Asset Service Provider – any natural or legal person who performs one or more of the following activities or commercial operations on behalf of or on behalf of another natural or legal person:

a) the exchange of virtual assets for fiat currencies;

b) the exchange of one or more forms of virtual assets for others;

c) the transfer of virtual assets;

d) Custody services or custody and administration of virtual assets or instruments that allow controlling, holding, storing or transferring these assets, including private cryptographic keys;

e) the participation in operations and the provision of financial services related to the offer and/or sale of a virtual asset by an issuer;

f) any other activity with virtual assets.

Proceeds of crime - any asset, right or value derived, directly or indirectly, from the commission of crimes underlying money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction, including all classes of assets described in this Law, even if they have been converted, incorporated or transformed, in whole or in part.

Proliferation of weapons of mass destruction – manufacture, acquisition, possession, development, export, transshipment, brokering, transportation, transfer, storage or use of nuclear energy, chemical or biological weapons, related materials and their means of delivery (including technologies and products dual-use tags used for illegitimate purposes), in violation of national laws or, where applicable, international obligations.

R

Business relationship – any relationship of a commercial or professional nature between financial institutions or non-financial entities and the respective customers, which at the time of its constitution is expected to be lasting or whatever.

T

Terrorism – use of threat or use of physical or psychological violence with the intention of creating social insecurity, terror or panic in the population or to pressure the State or any organization of an economic, social or political nature to carry out or refrain from carrying out certain actions activities.

Terrorist – any natural person who commits or attempts to commit terrorist acts or related actions, by any means, directly or indirectly, illegally and deliberately, participates as an accomplice in the commission of terrorist acts, organizes or induces others to commit terrorist acts, or contributes for the commission of terrorist acts by a group of persons acting with a common purpose, where the contribution is made intentionally and with the purpose of facilitating the terrorist act or with knowledge of the group's intention to commit a terrorist act or related actions or with knowledge of the group's intent to commit a terrorist act or related actions.

Suspicious transaction – any operation that gives rise to a reasonable suspicion of being associated with money laundering or criminal gains or even funds linked or related to, or to be used for, terrorism or terrorist acts or by identified organizations , regardless of the appearance of the funds, does not support economic justification or lawful objectives. This may be done

by or on behalf of a person whose identity has not been satisfactorily established for the person with whom the transaction is carried out, without prejudice to causing suspicion for any reason.

Transfer of virtual assets – carrying out a transaction on behalf of another natural or legal person who moves a virtual asset from one address or virtual account to another.

Wire transfer – electronic operation by which the holder of a bank account orders his bank to transfer funds from that account to a third party account. The movement of funds also implies the transfer of complete information about the payer.