



Circular No. 8 of 2024

Date: 31st October 2024

The obligations of Compliance Officer and Alternate Compliance Officer under the AML/CFT Act

A Compliance Officer (“CO”) under the Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020 (“AML/CFT Act”), is an individual employed by a reporting entity with the responsibility to ensure that the reporting entity adheres to external regulatory and legal requirements, as well as, internal policies and procedures which conforms to the requirements of the AML/CFT Act and its Regulations to effectively mitigate money laundering and terrorism financing risks. An Alternate Compliance Officer (“ACO”) is an individual employed by a reporting entity, with the same qualifications prescribed for the CO, who is approved to take on the responsibilities of a CO in their absence. As such, when submitting an application for the appointment of CO and ACO, reporting entities should ensure that the proposed individuals meet the requirements of Section 34(2)(a) and (b) of the AML/CFT Act, and Regulations 11 and Part 3(a) of the First Schedule of the Anti- Money Laundering and Countering the Financing of Terrorism Regulations, 2020 (“AML/CFT Regulations”).

The Financial Services Authority (“FSA”) wishes to reiterate the key duties and responsibilities under the afore-mentioned legislation of all individuals fulfilling the role of CO and ACO, appointed under Section 34(1) and 34(3) respectively, of the AML/CFT Act.

The responsibilities of the CO, and in its absence, the ACO, are stipulated under section 34 (2) of the AML/CFT Act and Regulation 13 of the AML/CFT Regulations, as follows-

- a) Identify, assess, advise on, monitor and report on the reporting entity's compliance with regulatory requirements and the suitability of its internal procedures on an on-going basis to the Board or senior managers and to the respective supervisory authority upon request and if the compliance officer is the sole senior manager, the report shall be submitted to the respective supervisory authority.

- b) Ensure that the reporting entity maintains a manual of compliance of the policies, procedures, and systems —
 - (i) with a compliance framework, which shall be submitted to the supervisory authority for review, upon request.
 - (ii) with all relevant anti-money laundering and countering the financing of terrorism legal and regulatory obligations of the reporting entity and the processes to allow the staff to report violations confidentially to the compliance officer; and
 - (iii) to identify the procedures to be followed when there have been breaches or suspected breaches of regulatory requirements or internal policies.
- c) The compliance officer shall ensure the compliance by staff of the reporting entity with the provisions of the manual of compliance maintained under paragraph (b) and the non-compliance of the provisions of the manual shall be recorded, showing the nature, form and period of non-compliance and such non-compliances shall be made available to the on-site examiners of the respective supervisory authority, for examination.
- d) Develop a compliance culture —
 - (i) to ensure that all directors and relevant staff are familiar with the laws and regulations of the Seychelles to combat money laundering and terrorist financing activities, which includes an understanding of the relevant compliance policies, procedures and systems of the reporting entity as well and the compliance officer imparts awareness of the need for compliance, thereby developing within the reporting entity a robust compliance culture.
 - (ii) to monitor the developments and changes in the legislations, policies, standards and other guidelines issued by the international bodies in order to keep the reporting entity updated with the regulatory developments and changes in international requirements.
- e) to implement the training programme —
 - (i) for directors and relevant staff which includes the training programme on general anti-money laundering and countering the financing of terrorism awareness, client acceptance procedures, know your customer (KYC) procedures, remediation and suspicious activity reporting relevant to the reporting entity's activities.
 - (ii) at least once in every year and whenever there are changes in the laws, regulations or international requirements to ensure that the directors and related staff are aware of the latest developments in the anti-money laundering and countering the financing of terrorism activities.

(iii) to undergo additional training, in order to enhance his or her professional skills, at least once in every year.

- f) to perform review of the compliance framework and make regular assessment reports to the senior management, identify the deficiencies and making recommendations for any updates or revisions.
- g) reporting entities who have not more than five staff members shall conduct self-assessment of their compliance framework and institute any necessary updates or revisions and make available the self-assessment report to the respective supervisory authority, upon request.
- h) to ensure the preparation and submission of an annual compliance report to the supervisory authority for information within 90 days after each calendar year.

In furtherance to the above, in accordance with Regulation 14 of the AML/CFT Regulations, a reporting entity shall immediately inform the respective supervisory authority as soon as the ACO assumes the functions of the CO, for more than five consecutive business days, subject to the following:

- a) An ACO may assume the functions of CO up to an initial period of 90 days;
- b) Where a reporting entity needs to extend the term of the ACO beyond 90 days, the reporting entity shall request the supervisory authority for an extension with reasonable justification for such extension specifying the duration of the said extension.

In the event of the resignation of CO and/or ACO, reporting entities are required to notify the FSA through a formal letter and to undertake the necessary procedures to appoint a new CO and/or ACO to ensure continuity of the compliance function.

Reporting entities may contact the FSA through email at amlcft@fsaseychelles.sc for any clarification or further information regarding the content of this Circular.

FINANCIAL SERVICES AUTHORITY