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Middle East and North Africa
Financial Action Task Force

2nd Enhanced Follow-Up Report for The Islamic Republic of Mauritania

TC Re- Rating Request

Anti-Money Laundering and Combating the Financing of Terrorism

November 2020

The Islamic Republic of Mauritania

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This document contains the 2nd Enhanced FUR for The Islamic Republic of Mauritania, which includes a TC re rating request for (32) recommendations. This report reflects Mauritania's efforts, since the adoption of the MER in May 2018. The 31st MENAFATF plenary has adopted this report provided that The Islamic Republic of Mauritania remains in the Enhanced FU process and submits its 3rd Enhanced FUR in the 33rd plenary meeting in November 2021.

2nd Enhanced Follow-Up Report for the Islamic Republic of Mauritania (TC Re-ratings request for some Recommendations)

FIRST: Introduction:

1. The Islamic Republic of Mauritania (Mauritania) was evaluated during MENAFATF's Second Round according to the Forty Recommendations and the Eleven Immediate Outcomes adopted by Financial Action Group "FATF" in 2012 and according to the Methodology adopted in 2013, and the Mutual Evaluation Report "MER" was adopted in 27th MENAFATF Plenary Meeting, held in Beirut, Lebanon, in May 2018. Based on the ratings, and as per the MER process, the 27th Plenary Meeting concluded that the Mauritania will be subject to Enhanced Follow-Up process.
2. In the First Enhanced FUR that presented to the Twenty-Ninth Plenary Meeting held in Amman, the Hashemite Kingdom of Jordan, in April 2019, Mauritania submitted a request to re-rating the Technical Compliance ratings for six Recommendations, and the Plenary Meeting decided to raise the ratings of 2 Recommendations (11 and 13) to "Largely Compliant", 2 Recommendations (17 and 18) to "Partially Compliant", and to keep Two Recommendations (27 and 14) at "Partially Compliant". The Plenary Meeting also decided, in light of the Recommendations that were amended after the adoption of the Mutual Evaluation Report (12/2016), to keep recommendations (2, 7 and 15) at "Non-Compliant", and (21) at "Partially Compliant".
3. As a reminder, the MENAFATF members are currently passing through exceptional situations due to the COVID-19 virus and the resulting imposing of emergency situations in most countries and the curfew and obstruction of the work of many relevant government agencies, these conditions have led to affecting the ability of MENAFATF and the secretariat to carry out and continue the follow-up processes. In view of the impact of follow-up processes on these conditions, the plenary meeting adopted, by written process, a number of decisions, among them the FUR of Mauritania, where it was agreed to continue the process of TC re-rating by taking the comments of the global network and reflecting them on the matrix and report, and circulate such report and matrix later on the global network again to request any additional comments. In the absence of any comments, the report will be considered approved, and the secretariat will then publish it on the MENAFATF's website. In the event of new comments, the relevant report will be deferred until the next plenary meeting for discussion and appropriate decision.
4. This Report analyzes the Recommendations that Mauritania has requested its ratings be reconsidered which are 32 recommendations (1, 2, 4, 5, 6, 7, 8, 10, 12, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 34, 35, 38, 39 and 40). The Recommendations were amended post the onsite visit are as follow:

SECOND: Findings of the MER and 1st Enhanced FUR:

5. According to the MER and the 1st Enhanced FUR, Mauritania has obtained rating of "NC" in (11 Recommendations), "LC" in (6 Recommendations), and "PC" in (23 Recommendations), as follows:

Table (1): TC Ratings as per the MER and the first FUR

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

*Note: There are four Possible ratings for Technical Compliance (Compliant, Largely Compliant, Partially Compliant, Non-Compliant)
Reference: http://menafatf.org/information-center/menafatf-publications/1st-enhanced-follow-report-islamic-republic-mauritania

6. In coordination with the Secretariat, each; Mrs. Rania Mohamed Al-Hassan, as an expert with the Sudanese FIU, and Mrs. Amira bin Hamid, as an expert with the Tunisian FIU, and Mr. Sulaiman bin Ali Al-Zaben,

as an expert with the Saudi Arabian Monetary Agency, to analyze the compliance of the Islamic Republic of Mauritania with the recommendations requested for re-evaluation.

THIRD: overview on the achieved progress in implementing the Recommendations requested for re-rating:

7. This chapter of the Report will tackle the procedures taken by the Mauritanian side to comply with the Recommendations requested for re-ratings, which are as follow:
   A. The Recommendations of which the country has obtained a rating of (Partially Compliant or Non-Compliant).
   B. The recommendations that were amended by FATF after the on-site visit.

A. The Recommendations of which the country obtained a rating of (Partially Compliant or Non-Compliant):

8. Under this item, Mauritania requested a rerating for (**25**) Recommendations, (**7**) of which were "**NC**", namely Recommendations (1, 8, 10, 19, 24, 28 and 38), and (**18**) of which were "**PC**" which namely Recommendations (4, 6, 12, 14, 16, 17, 20, 22, 23, 26, 27, 30, 31, 32, 34, 35, 39 and 40). The following is details of each Recommendation:

- **Recommendation 1 (Assessing Risks and Applying A Risk Based Approach) (Non-Compliant):**

9. It was stated in the MER that Mauritania did not meet the requirements of the First Recommendation's criteria, where the administrative mechanism that defines the governmental structures responsible for studying and identifying AML/CFT risks was established and evaluated, but the implementation steps did not begin to collect the necessary data for the analysis, identification and understanding national sectoral risks, and there is no national policy and strategy on AML/CFT which hinders a comprehensive understanding of the risks, as well as the lack of an obligation to apply the Risk-Based Approach to FIs and DNFBPs which includes mitigating risks or allowing simplified procedures.

10. To address the shortcomings, Mauritania, represented by the National Committee for Combating ML/TF, has identified and assessed AML/CFT risks on National level through the National Risk Assessment "NRA" it had prepared, completed and adopted with the participation of representatives from the public and private sector and according to the World Bank methodology for assessing the risk of ML/TF. The results of the working group were consistent with the information available on the country and its context where the most prevalent predicate offences in the country were addressed and the most important vulnerabilities that hindered the system from combating ML/TF at the national and sectoral levels, among which the absence of a national strategy for combating ML/TF, limited resources and capabilities, and weak oversight in some areas, in addition to the existence of legislative loopholes, which necessitates new legislative provisions. The National Committee for AML/CFT adopted in its meeting held on November 18, 2019 a mechanism that includes providing all parties concerned with AML/CFT with the results of the NRA to take the necessary measures in that regard. It arranged with the World Bank several workshops to provide technical support to various sectors, present the results of the NRA and indicate how each party puts in place the policies, procedures and measures required for control in accordance with the findings of the NRA.

11. FIs, DNFBPs and NPOs were required to consider the results of the national risk assessment. The mechanism established by the National Committee for the Implementation of the National Risk Assessment also stated that each agency should take the necessary measures in accordance with the results of the risk assessment and so that it [agencies] applies the Risk-Based Approach to allocating resources and applying control or preventive measures to AML/CFT, reduction and mitigation its risks, on the other hand, to apply EDD measures when there are high ML/TF risks. According to Decree 197-2019, FIs and DNFBPs must determine the extent and depth of the application of Due Diligence measures based on the types and levels of risk posed by a customer... And when ML/TF risks are low, FIs and DNFBPs may take simplified CDD measures, provided that there is no suspicion of ML/TF, if there is suspicion, Simplified CDD are not allowed. However, Simplified CDD measures must commensurate with the Low risks. The State noted that the Mauritanian Central Bank taken corrective measures due to a qualitative inspection program.

12. Law No. 017-2019 requires FIs and DNFBPs to identify ML/TF risks and have them evaluated, documented, and continuously updated, taking into account the results of the national risk assessment and risk aspects; which include factors associated with customers, countries, and other geographic regions, products, services, transactions and delivery channels, taking into account risks associated with new products, business practices and New Technologies before using them. And to maintain a study of identifying and assessing risks and information related thereto, preparing the necessary reports thereon, and submitting them to the supervisory authority upon request. It is also obligated to "put in place internal policies, controls and procedures approved by the higher management that enable them to manage and mitigate the identified risks, review and update them on ongoing basis, where it includes all its branches and subsidiaries and ensure effective implementation".

13. Supervisory Authorities are required to undertake supervision on the compliance in implementing the provision contained in this Law and its implementing decree, including examination to the extent of which FIs are implementing their obligations under Recommendation 1, and the Central Bank has established an annual plan to monitor financial institutions according to the RBA, where priority is given to high-risk FIs, in light of desk-oversight work through questionnaires that the central bank receives periodically from financial institutions on combating ML/TF, and in light of the results of FIs onsite oversight findings. The Central Bank has taken corrective measures following the implementation of a qualitative inspection program while the various authorities are carrying out various off-site and onsite supervision of financial institutions in accordance with the risk-based approach.

14. **Conclusion:** The analysis of R.1 reveals that Mauritania has mostly met the requirements of this Recommendation. Mauritania used the world bank tool to undertake its NRA, and used different sources of information, however, it is not clear if mitigation measures have been taken into account in the NRA, and if vulnerabilities in relation to TF are treated separately from ML across each sector. Despite the fact that Mauritania has provisions in place that mandate the allocation of resources on the basis of risks across FIs and DNFBPs; however, it still needs to require subjected entities when implementing simplified measures, to ensure that it is commensurate with the AML/CFT risk assessment carried out by the State, implement RBA to dedicate resources and implement preventive measures for AML/CFT (Criterion 1.5), and ensure that DNFBPs are implementing their obligations under R1 (Criterion 1.9), However, the deficiencies referred to in the two Criteria (1.5 and 1.9) do not affect the rating of this recommendation because it is related to effectiveness more than it is related to TC.

15. Given the remaining shortcomings, which are considered to be **minor**, the level of Compliance achieved in relation to Recommendation 1 is "**Largely Compliant**".

- **Recommendation 4 (Confiscation and Provisional Measures) (Partially Compliant):**

16. The MER stated that Mauritania has not explicitly clarified how to enforce orders issued by the authorities by banks and financial institutions, nor does it include the rest of the other sectors concerned, nor did it mention the detailed measures to be taken. The protection of the rights of *bona fide* third parties has not been met through the possibility of challenging the measures of confiscation or freezing, also, the period of time during which the appeal was permitted before the property was transferred to the State was not clear or known. There was no clear mechanism for managing frozen, seized or confiscated property, and when necessary, disposed of.

17. To address shortcomings, Mauritania has put in place legislative measures that allow confiscation and temporary measures such as conducting Parallel Financial Investigations as described in Chapter 8 of Law No. 017-2019 under Articles 47, 48 and 49. In Article 15 of Decree No. 197-2019, the competent authority, when conducting examination, investigation, and search to collect evidence and evidence related to ML/TF offences, may conduct a parallel financial investigation, which includes conducting financial investigations regarding financial aspects related to criminal activity, along with the criminal investigation concerning ML offences, predicate offenses and TF offences, and to have the ability to refer the case to another agency to follow up on investigations regardless of where the predicate offense occurred. Article 49 of Law No. 017-2019 also stipulated that "without prejudice to the rights of bona fide third parties, a judicial ruling

shall be issued in the event of a conviction for ML/TF offences, to confiscate funds, proceeds of crime and instrumentalities that are the subject of the crime". It also stipulates that confiscation is not possible if the owner of funds proves that they obtained them by paying a fair price or in return of services which correspond to their value or they obtained them based on other legitimate reasons and they were unaware of their illicit source, and the confiscated funds shall also be transferred to the country's Treasury.

18. In addition to the above, Mauritania issued Decree No. 127-2017, which includes the establishment of an office to manage frozen, seized, confiscated property and the collection of criminal assets. The Decree included the details of managing seized, frozen and confiscated properties, and when necessary, disposed of.

19. **Conclusion:** The analysis shows that Mauritania fulfills all the requirements of Recommendation 4, especially after the promulgation of Law 017-2019 and Decree No. 197-2019 that dealt with the steps taken by Mauritania with regard to the powers of seizure, freezing, confiscation of proceeds, and nullification of activities according to the powers granted to the prosecution and investigation authorities, courts, and taking legislative measures that allow their authorities to identify, track, and estimate property subject to confiscation, as well as not to prejudice the rights of bona fide third parties, a judicial ruling shall be issued in the event of a conviction for ML/TF offences, to confiscate funds, proceeds of crime and instrumentalities that are the subject of the crime" The confiscated funds shall also be transferred to the State's Treasury, but the aforementioned law did not address the deficiency mentioned in the MER in terms of determining the time period during which bona fide third parties may appeal before the property is transferred to the state.

20. In view of the failure to address the deficiency mentioned in the MER and mentioned above, the level of compliance achieved in relation to Recommendation 4 is "**Largely Compliant**".

- **Recommendation 6 (Targeted Financial Sanctions Related to Terrorism & Terrorist Financing) (Partially Compliant):**

21. With regard to the implementation of targeted financial sanctions related to terrorism and the financing of terrorism, the MER stated that only the Minister of Finance shall be the authority to issue and cancel administrative seizure decisions in consultation with the concerned sectors, without identifying a competent authority to designate persons or entities to the Security Council committees established for that purpose as well as not to establish clear mechanisms for implementing the Recommendation 6's criteria.

22. To address the shortcomings, Mauritania formed a National Committee to Combat Terrorism under Article 48 of Law No. 017-2019, whose competence includes setting the procedures and measures necessary to implement the United Nations Security Council Resolutions. Article 9 of Decree No. 199-2019 stipulates the work mechanism of the Committee, and Articles (14-15-30) of Decree No. 199-2019 stipulate that the approved "standard" forms must be used and that the largest amount of information related to the entity or the person proposed to designation is required, in addition, the proposal must fulfill the conditions which includes (as per Article 14 of the same Decree) to specify the extent to which the name of Mauritania as a designating State may be made known. Article (28) also stipulates that the period to study listing requests received under the framework of cooperation with foreign parties shall not exceed (30 days). Also, paragraph 4 of Article 13 of the implementing Decree stated that it is permitted to make a proposal for designation to the UN and to the domestic list in case there is no criminal prosecution or trial or conviction.

23. The National Anti-Terrorism Committee has established mechanisms and guidelines regarding the implementation of TFS, and any matters related to the domestic list, the UN lists, and the updates that occur thereon, as well as the role of the NCAMLCFT in implementing the freezing measures. It is clear from the texts contained in paragraphs/clauses 5 and 6 of Article 13 of Decree No. 199-2019 regarding the formation, organization and functioning of the National Committee to combat terrorism that the Committee publishes the UN List and the National List on the website of the National Committee to Combat Terrorism and informs FIs and DNFBPs by publishing the lists within 16 hours the decision of designation came into effect, and the same applies to addition, amendment or de-listing. Article 16 of Decree No. 199-2019 of November 15, 2019 concerning the formation, organization and functioning of the National Committee also included that "Those mandated to implementation, to freeze the funds and other assets belonging to specific

persons or entities in one of the two lists stipulated for in the two paragraphs". (5) and (6) of Article (11) of this Decree, within 8 hours of publication/dissemination and without prior notice. The mechanism issued by the committee included detailed procedures for both the domestic and UN lists, so that those concerned with implementation have to review the website dedicated to this purpose. As for the UN lists, all those concerned with implementation must refer to the relevant links twice a day.

24. Article 16 of Decree No. 199 specified number of directions: Those mandated to implementation (including every individual or entity or authority existing on the Mauritanian territories without explicitly including VASPs), to freeze the funds and other assets belonging to specific persons or entities, provided that it include the freezing of all funds and other assets that are owned by the specified person or entity, or of which they control. According to article 14 of the AML/CFT law, FIs and DNFBPs are required to immediately implement court decisions or those issued by a competent authority regarding freezing, whether in the case of precautionary measures or freezing, for the purpose of implementing TFS for preventing and suppressing TF. However, FIs and DNFBPs are not required, on their own motion, to initiate freezing measures, unless they receive a notification from the concerned authorities, knowing that the freezing measures are implemented within a maximum time frame of 24 hours .Paragraph 7 of Article 13 of the Decree No. 199-2019 included the publication of a guidance by the Committee on their website for the benefit of FIs and DNFBPs, and any other person or entity regarding their obligations to freeze and unfreeze on funds.

25. Articles 25, 26 and 27 of Decree No. 199-2019 have set procedures for submitting requests of de-listing and freezing funds or other assets of persons or entities when they do not meet the designation criteria or when they no longer do meet the criteria. And there are procedures made available to the public regarding the procedures for submitting requests to remove names from the lists and unfreezing the accounts of persons, entities or other assets when persons and entities do not meet the nomination criteria, and that was pursuant to the Decree of the National Anti-Terrorism Committee No. 198-199, as well as the guidelines issued by the Committee in this regard, as well as the guidelines issued by the NCAMLCFT in this regard on each of the website of the Unit and the NCAMLCFT, as well as the website of the Anti-Terrorism Committee, also Article 24 of Decree No. 199-2019 of November 15, 2019 concerning the formation, organization and functioning of the National Committee allowed the use funds or other frozen assets identified as/deemed necessary to pay basic expenses or to pay certain types of fees, expenses, service charges, or for extraordinary expenses, in accordance with the procedures contained in UNSCR 1452 and any subsequent decisions thereof.

26. **Conclusion:** It appears from the efforts above that Mauritania has fulfilled most of the requirements of Recommendation 6, as the mechanism in place allows FIs and DNFBPs (excluding VASPs) to implement TFS within a maximum time frame of 24 hours and given that it is not clear that concerned authorities provided clear guidance to FIs and other persons or entities, including DNFBPs that may be holding targeted funds or other assets, on their obligations in taking action under freezing mechanisms, adding that FIs and DNFBPs are not required, on their own motion, to initiate freezing measures, unless they receive a notification from the concerned authorities, knowing that the freezing measures are implemented within a maximum time frame of 24 hours**.**.

27. And given that the remaining shortcomings are considered minor, the level of compliance in relation to Recommendation 6 is "**Largely Compliant**".

- **Recommandation 8 (Non-Profit Organizations) (Non-Compliant):**

28. According to the MER, Mauritania **did not identify the sectors that fall under the definition of NPOs**, and did not conduct the risk assessment process related to the sector of non-profit organizations, determine which non-profit organization can be exposed to TF risks due to their activities or competences, identify the nature of threats the terrorist entities, examine the appropriateness of the measures it imposes to prevent the misuse of on non-profit organizations in financing terrorism or identify the vulnerabilities in the sector.

29. To address the shortcomings, Mauritania took many procedures related to NPOs by issuing the AML/CFT Law No. 017-2019 issued in February 2019 that included under Article (1) the definition of Charities in a

way that corresponds to the definition of the FATF . Mauritania has conducted its NRA process including for NPOs and identified all the NPOs to which the definition of FATF apply, and specified the characteristics and types of associations NPOs that are likely to be exposed by virtue of the nature of their activities or characteristics to the risks of their exploitation for the purpose of financing terrorism, which are 7,799 NPOs subject to the 1964 law for associations, and excluded associations engaged in social and awareness-raising activities and do not engage in any type of receiving funds in any way or providing funds, whereas the number of NPOs that operate mainly in the field of collecting or distributing funds for charitable, religious, educational, cultural, social, or for carrying out other types of good deeds reached 1233 NPO, while the number of active NPOs is limited to 100 NPO. Mauritania considers the mentioned 100 NPOs as a subset of NPOs that are likely to be at risk of TF abuse. Also Article 23 of the AML/CFT law requires NPOs to deposit in a bank account the sum of the amounts that were delivered to them on the basis of a donation or in the context of transactions they conducted.

30. The National Risk Assessment reached the conclusion that there are almost no threats posed by terrorist entities to NPOs, and that was derived from many elements related to law enforcement, the FIU, the investigation, prosecution, and courts, as well as published studies and data in this regard, but cases has not been identified in which terrorist actors abuse those organizations.

31. Mauritania reported that it had reviewed the appropriateness of the procedures, including laws and regulations related to these NPOs, which resulted in amendments to the texts relating to NPOs in the Anti-Money Laundering and Terrorist Financing Law No. 017-2019 and the applied texts thereof under Decree 197-2019. Where each of them included an independent section, whether from a legal or application point of view to address the shortcomings that were revealed as a result of that review. The National Risk Report included the necessity of setting up a mechanism to periodically re-assess the risks every 3 years, including the NPO sector. On the other hand, Article 14 of the Implementing Decree of the Law included that the authorities concerned with the activities of NPOs should provide information requested by the supervisory authority, in order to support the public's confidence in NPOs.

32. Such Protocol was signed by the FIU and NPOs supervisory authorities to promote the execution of outreach and awareness programs about the potential vulnerabilities in NPOs which can be misused in financing terrorism, as well as the measures which can be taken by the NPOs to be protected against such misuse. Work is under process with them to develop best practices to prevent TF risks and vulnerabilities and therefore protect NPOs from being misused in financing terrorism. Commission on Human Rights, Humanitarian Action and Relations with Civil Society being the supervisory authority over NPOs, is responsible for the RBA application in its supervision over such NPOs. Where priority is given to organizations at risk as a result of obtaining or providing financing.

33. Article (28/1) of Law 017-2019 stipulates that supervisory authorities should undertake supervision and control over the obligation to implement the provisions stipulated in this law and in particular have the authority to take measures and procedures for setting and applying criteria and controls of ownership or controlling large shares of NPOs, including the beneficial owners of these shares, or with regard to participating directly or indirectly in the management or administration of its affairs or transactions. And Article 44 of the same Law provided for effective, proportionate, and dissuasive sanctions.

34. **Conclusion:** Although Mauritania took many procedures related to NPOs, but still has to address the shortcomings related to the absence of any information on how Terrorist actors abuse NPOs (Criterion 8.1 b), any evidence to prove the execution of outreach programs to raise and maintain awareness among NPOs (8.2 b), any evidence to work with NPOs to develop and refine best practices to address the TF risk (Criterion 8.2 c) and any evidence to enhance RBA supervision over NPOs are taken (Criterion 8.3). It is also noted that no information are available about any mechanisms ensure the immediate exchange of relevant information with the competent authorities (Criterion 8.5 a), about to what extent the expertise and powers to investigate the NPOs are available (Criterion 8.5 b) or about to what extent the competent authorities can access information related to managing NPOs (Criterion 8.5 c).

35. Given the remaining shortcomings, which are considered to be moderate, the level of Compliance achieved

in relation to Recommendation 8 is "**Partially Compliant**".

- **Recommendation 10 (Customers Due Diligence) (Non-Compliant):**

36. The MER indicated that Mauritania has taken several steps to address its shortcomings regarding Customer Due Diligence, but it remains totally insufficient, as it did not properly prohibit anonymous accounts or that have fake names, and there is no obligation on FIs to take CDD measures in the event of suspicion or doubts about the accuracy or adequacy of the data provided by customers, there is no obligation on FIs to understand the nature and purpose of the business relationship. Also, there are no procedures for CDD on foreigners, and there are no shortcomings in the procedures of BO's CDD, especially those related to legal persons; which does not coincide with the definition of the BOs provided in the FATF methodology. Also, CDD measures are not being conducted as per the RBA.

37. To address these shortcomings, Mauritania has prevented FIs from opening or maintaining any digital or anonymous accounts or with fake names in accordance with the law 017-2019. FIs and DNFBPs were required to take Due Diligence measures before starting to open a new account or establish a new business relationship; and before undertaking occasional financial transactions equal to or greater than an amount determined by the committee, whether this transaction was done once or multiple times; whereby these transactions appear related to each other. Also, before a wire transfer is made in favor of a customer who is not in a business relationship with; and when there are ML/TF suspicions regardless of the amount of the transaction; and when there are suspicions regarding the accuracy and sufficiency of the customer's data that are already obtained. And that the customer's identity is recognized and verified using documents, data or information from a reliable and independent source, and that FIs must verify that the person who is acting on behalf of the customer is the person authorized to do so and have them identified and their identity verified. With regard to the BOs, Law 017-2019 included in its First chapter the definition of BO, which is consistent with the definition of FATF. Article 3 of Decree 197-2019 obliges FIs to know the identity of the BOs and take reasonable measures to verify them using documents, data or information from a reliable and independent source. Until the FIs and DNFBPs are convinced that they have identified the BOs. "

38. FIs are obligated to understand the purpose and nature of the business or transaction relationship and to obtain additional information about it when required, according to Article 3 of Decree 197-2019. Financial Institutions and DNFBPs should also apply due diligence measures consistently to all business relationships according to the degree of risk and scrutiny of the processes that take place throughout the relationship to ensure consistency with the customer's data, activity and the risks represented by it, and to ensure that the documents, data and information that have been collected according to appropriate and up-to-date due diligence procedures by reviewing the records kept, particularly for high-risk customers. And that the purpose and nature of the business relationship or transaction must be understood, and additional information obtained about it when required. Due Diligence measures has to be consistently conducted to all business relationships according to risk level(s) and scrutiny/examine transactions that take place throughout the business relationship to ensure consistency with the customer's data, activity and the risks that customer(s) poses. Ensure that the documents, data and information collected under Due Diligence procedures are up-to-date and appropriate by reviewing the records kept in particular for high-risk customers. As for customers of legal persons, there is a legal obligation on financial institutions to identify and take reasonable measures against BOs by determining the identity of the person who owns or controls 10% or more of the legal person's shares, or by identifying the person who exercises control over the legal person, and the necessity for the financial institution to obtain the names and addresses of members of the board of directors or persons responsible for senior management, and obtain identification documents for members of the board of directors or persons responsible for senior management.

39. As for customers of legal arrangements, there is a legal obligation on FIs to identify and take reasonable measures to verify the identity of BOs by identifying the originator, the beneficiaries, and any other natural person exercising effective and ultimate control over the legal arrangement and taking reasonable measures to verify their identity. Also, the order issued by the Governor of the Central Bank of Mauritania to FIs includes the data that the FIs must obtain and which enable them to identify and verify the identity of the legal arrangement, which includes, for trusts, the identity of the testator, trustee or custodian, as required,

the beneficiaries, the category of beneficiaries, and anyone natural person(s) exercising effective and ultimate control over the trust.

40. Decree 197-2019 stipulated that FIs are required, in addition to the measures stipulated previously regarding the beneficiary of an insurance policy related to protection or protection insurance with savings or other investment-related insurance policies, to conduct the following Due Diligence measures immediately upon determining or naming the beneficiary's identity, so that in all cases, the FIs must verify the identity of the beneficiary before the compensation is paid under the insurance policy or before exercising any rights related to the policy. And that FIs must take a reasonable measures to verify the identity of the customer and BO before establishing the business relationship or opening an account or during both, or before performing a transaction for a customer with whom they do not have a business relationship. In cases where ML risk is low, the process of verifying the identity of the customer can be completed after establishing the business relationship, provided that be it done so as soon as possible (timely manner) and that postponement of the verification of the identity was necessary not to suspend the normal work procedures, provided that appropriate and effective measures are applied to control ML risks, and that risk management procedures are taken in relation to the circumstances in which the customer can benefit from the business relationship before the verification process".

41. And that FIs must apply Due Diligence measures to their customers on the risk-level basis associated with the customer or business relationships, and other elements, and that EDD measures applied when ML/TF risks are high. And that when ML risks are low, FIs may take simplified due diligence measures, provided that there is no ML/TF suspicion(s). In this case, simplified due diligence may not be permitted, and simplified measures must commensurate/be proportionate with the low risk(s), and that in cases where the reporting entity suspects the existence of an ML/TF operation and has reasonable grounds indicating that undertaking due diligence measures may alert the customer, then, they decide not to apply the due diligence measures and send a suspicion report to the Unit, stating the reasons for not implementing due diligence measures.

42. **Conclusion:** It appears from the analysis of Recommendation 10 that Mauritania has met the requirements of this recommendation,

43. Given the absence of any shortcomings, the level of Compliance achieved in relation to Recommendation 10 is "**Compliant**".

Recommendation 12 (Politically Exposed Persons "PEPs") (Partially Compliant):

44. According to the MER, the definition of PEPs represented in the AML/CFT Law was limited to foreign persons only, and did not extend to locals or persons who were assigned prominent positions by international organizations or the BOs, which was followed by a lack of procedures for the above categories, on the other hand, although there are instructions for obtaining the approval of the senior management of the FIs before the commencing business relations for foreign PEPs, there are no instructions for the continuation of current business relationships, and there is no procedure related to PEPs benefiting from insurance policies.

45. To address the shortcomings, FIs were required under Article 9 of law No.017-2019 to use appropriate tools to determine whether the customer or the beneficial owner is or has been entrusted with public functions in the country or in a foreign country or with prominent management function or position in any international organization. The country stated that additional information can also be obtained using the information provided by the customer directly or any other party, and the sources of information available to the public, as well as electronic databases containing information about these persons. FIs must obtain the approval of senior management before establishing or continuing the business relationship with the PEPs and take all reasonable measures to determine the source of their wealth and funds and apply enhanced and continuous due diligence measures of the business relationship. These provisions apply to local and foreign PEPs, in addition, PEPs include individuals who have been assigned or are in charge of higher public functions in the State (i.e. Mauritania) or in a foreign country.

46. The obligations stipulated for in Article 4 of Decree 197-2019 apply to persons close to the PEPs and includes any natural person who participates in benefiting with this person through a real partnership from a legal entity or legal arrangement or has a close working relationship or is a BO of a legal arrangement or person that is actually owned or controlled by the PEP; also these obligations apply to PEPs' family members and includes any natural person associated with the PEP of blood or marriage bonds down to the second degree of Kinship.

47. With regard to life insurance documents, Article 4 of the Decree 197-2019 stipulates requiring FIs to take reasonable measures to determine whether the beneficiaries and/or the BOs, when necessary, are PEPs, and when identifying higher risks, FIs should be required to inform the senior management before paying the proceeds of the insurance policy, to carefully examine/scrutinize the overall business relationship of the policyholder, and to consider submitting an STR.

48. **Conclusion:** It appears from the analysis of Recommendation 12 that Mauritania has met all requirements of this Recommendation.

49. Given that there are **no remaining shortcomings**, the level of Compliance achieved in relation to Recommendation 12 is "**Compliant**".

- **Recommendation 14 (Money Value or Transfer Services "MVTS") (Partially Compliant):**

50. According to what is stated in Mauritania's MER; despite the issuance of circular No. 17/THE GOVERNOR/2009, related to the adoption of a license for alternative means of transferring money, the Mauritanian Central Bank has not specified in a precise way to implement Article 24 of AML/CFT Law No. 048-2005, as well as including their [alternative means] agents in AML/CFT programs, monitoring their compliance with them, and ensuring licensing and registration, as well as imposing dissuasive and proportionate sanctions.

51. To address the shortcomings, the Central Bank of Mauritania has taken several measures to ensure that there are no natural or legal persons implementing Money Or Value Transfer Services "MVTS" without a license or registration, including the Central Bank inspectors following the procedures that the CANIF Committee has undertaken in this framework, in order to limit and determine/identify MVTS providers, using all the information available at the Central Bank, the Central Bank developed a plan according to which repeated/regular inspection campaigns are carried out to ensure that there are no natural or legal persons engaged in Money Or Value Transfer activity without a license, the Central Bank, through the inspection campaigns that it has undertaken, warns that some cross-border money and value transfer services provider(s)' agents operate outside the headquarters of the banks with which it has bilateral agreements, where the Central Bank in cooperation with the National Security closes these headquarters and warns the banks that they [agents] must work through the banks' headquarters.

52. Mauritania also enumerated a number of measures taken by the Central Bank of Mauritania to ensure that there are no natural or legal persons implementing MVTS without a license or registration, but it is worth noting that the first follow-up report of the State states that the State must circulate these procedures to all the cities where there are natural or legal persons who implement MVTS without a license or registration and not limited to Nouakchott. Article 10 of Circular No. 06/M/2018 issued by the Central Bank of Mauritania stipulates the penalties that apply to all providers of MVTS without a license, and in accordance with this text, the Central Bank of Mauritania closed a number of MVTS for not having a license to practice this service. All FIs operating in Mauritania, including their branches and subsidiaries at the State and abroad, are subject to supervision of compliance with ML/TF requirements issued by the Central Bank of Mauritania, and has the right to take all measures and procedures to compel them [FIs] to fulfill the requirements of this law and the applicable texts thereof, according to Article 26 of Law 017-2019 . Article 1 of Decree 197-2019 related to "Tariffs" also included a definition of FIs which includes "Money or Value Transfer Services".

53. In addition to the aforementioned, Articles 3 to 7 of Instruction No. 06 /M/2018 issued by the Central Bank of Mauritania require that MVTS providers to be licensed by the Central Bank of Mauritania, in order to

be allowed to exercise their duties legally to avoid penalties. On the other hand, Article 9 of the same instruction (No. 06/M/2018) requires "remittance or money transfer service providers who use agents to maintain a list of these agents". Also Article 9 of Circular No. 06/M/2018 required that MVTS providers who use agents be integrated into AML/CFT programs, and to supervise them regarding their compliance with these programs.

54. **Conclusion:** It appears from the analysis of Recommendation 14 that Mauritania meets most of the requirements of this Recommendation, and it remains for Mauritania to meet the requirements of Criterion 14.4 by requiring the agents of the MVTS to be licensed by the CBM, or by requiring MVTS providers to facilitate access to the updated list of their agents by the competent authorities in the countries in which they operate.

55. Given the remaining shortcomings, which are considered to be minor, the level of Compliance achieved in relation to Recommendation 14 is "**Llargely Compliant**".

- **Recommendation 16 (Wire Transfers) (Partially Compliant):**

56. As per the MER, the obligation in the Recommendation was limited to FIs obtaining information on the origin of the transfer and keeping/maintaining it for a period of 10 years, and there are no instructions that require reasonable measures to determine cross-border wire transfers without the information required on the originator and the beneficiary, and there is no obligation establishing risk-based policies and procedures, and institutions are not obligated to verify the identity of the beneficiary when the amount exceeds a certain limit/threshold, as the Mauritanian legal system lacks the obligations on beneficiary FIs and MVTS providers to implement Recommendation 16, as well as lack of rules to obligate MVTS providers to implement Targeted Financial Sanctions "TFS".

57. To address the shortcomings, Mauritania issued Order No. 06-2019 related to the supervisory controls for AML/CFT in Article 15 requiring FIs other than insurance companies that wire transfers must include information about the originator of the transfer A) The full name of the originator of the transfer, B) The bank account number of the originator used to conduct the transaction, and in the absence of an account, a transfer number must be included that allows tracking the transaction, C) The address of the originator of the transfer, the identification number, the customer's identification number, or place and date of birth). The transfers must also be accompanied by the following: A- The full name of the beneficiary, B- The beneficiary's bank account number used to conduct the transaction, in the absence of an account, a transfer number must be included that allows tracking the transaction. FIs are also required to verify information about the originator of the transfer and the beneficiary for each wire transfer. And that in the case of observing several wire transfers sent out of Mauritania from one transfer originator within a combined transfer for beneficiaries, the Financial Institution establishing the transfer should ensure that the transfer file includes the required and accurate information about the originator of the transfer and complete information about the beneficiary in a way that this information can be fully tracked in the beneficiary country. The FIs should also include the transfer originator account number and transfer reference number.

58. And with regards to local wire transfers, the information required for the originator of the transfer and the beneficiary in each wire transfer must be added and verified as it was shown for cross-border wire transfers. Unless this information can be provided to the beneficiary Financial Institution through other means, then the bank of the originator of the transfer may include the account number or number of the transfer that links the transaction with the information related to the originator of the transfer or the beneficiary. The FIs should providing the transfer must provide all information related to the originator of the transfer and the beneficiary within (3) three days of the date receiving the request/application, whether from the beneficiary financial institution or from the competent authorities.

59. FIs that carry out wire transfer activities are required under the AML/CFT Law not to implement the wire transfer if they do not committed to providing the required information on the originator of the transfer, and to maintain this information with transfer orders or related messages through the payment chain, and according to Decree 6-2019, in cases of wire transfer outside Mauritania (cross-border), the intermediary financial institution in the payment chain must ensure that all information regarding the transfer originator

and the beneficiary of the wire transfer are maintained, and he must also keep all information related to the origin of the transfer and the beneficiary in its records. When technical restrictions prevent the information required on the originator of the transfer or the beneficiary that accompanies wire transfers out of Mauritania from being accompanied with the relevant local wire transfers, then a record must be kept containing all the information received from the financial institution originating the transfer or from an intermediary institution for a period of (10) ten years as of the date of the end of the business relationship, the intermediary banks must take reasonable measures that are consistent with the process from start to finish, in order to identify cross-border wire transfers that lack the information required regarding the originator of the transfer or the beneficiary. And to put in place RBA policies and procedures in order to: (A) Determine cases of carrying out a wire transfer, refusal, or suspension due to the lack of required information regarding the originator of the transfer or the beneficiary. (B) Appropriately follow-up, which may include restricting or terminating the business relationship.

60. According to the same Decree, FIs receiving the wire transfer from outside Mauritania should take reasonable measures to identify those transfers that lack the information required regarding the origin of the transfer or the beneficiary. These measures may include post-implementation follow-up procedures or follow-up procedures at the time of implementation where possible. MVTS provider that controls both the source of the transfer and the beneficiary side must: (A) take into account all information issued by the source, transfer, and beneficiary to decide whether or not to report suspicious transaction, and (B) report the suspicion to any of the countries related to the suspicious wire transfers, and provide the Unit with all information related to the suspected transaction. FIs, in the context of handling wire transfers, should take measures to freeze and adhere to measures prohibiting transactions with designated individuals and entities in accordance with the obligations set out in United Nations Security Council Resolutions related to the prevention, suppression of terrorism and financing of terrorism, such as Resolutions 1267 and 1373 and subsequent resolutions.

61. **Conclusion**: It appears from the analysis of Recommendation 16 that Mauritania has met most of the requirements of Recommendation 16, and it remains for Mauritania to meet some of the requirements of the following criteria: 16.6 because FIs were not obligated to provide immediate information accompanying the local wire transfer to LEAs, criteria: 16.11, 16.12, 16.15 because the obligation on intermediary banks only to take measures without including the rest of the Financial Institutions (Taking into consideration that wire transfers in Mauritania are mainly processed through banks), and criteria 16.16 for not requiring MVTS providers "in countries where they start their business to comply with the requirements of Chapter 4 concerning remittances.

62. And given the remaining shortcomings, which are considered to be minor, the level of Compliance achieved in relation to Recommendation 16 is " **Largely Compliant**".

- **Recommendation 17 (Reliance on Third Parties) (Partially Compliant):**

63. Financial institutions are permitted to resort to the third party to perform due diligence measures on customers on behalf of the Financial Institutions, but it was found that such permission is not conditional on the third party being a FIs or DNFBPs, as well as not taking into account the level of risk of countries in which it third parties are located, as well as the absence of instructions related to FIs relying on third parties, are part of the same financial group.

64. In order to address the shortcomings, Mauritania has, in accordance with Decree 197-2019 in Article 9 and 10, permitted Financial Institutions to use another financial institution to carry out identification and verification of the customer and the BOs and take the necessary measures to understand the nature of business and its purpose.

65. Paragraph "d" of Clause 10 of Article 3 of Decree No. 197-2019 states that "(Financial Institutions) must take into account the information available to the Committee and the Unit regarding the identified high-risk countries, and this includes in particular any lists issued by international authorities and institutions in this regard, including the lists issued by FATF. FIs that uses another entity, and that entity is part of the same financial group, must consider that that other entity fulfills the above requirements provided that the

financial group applies CDD and EDD measures, especially with regard to the PEPs, Record Keeping and AML programs, especially those related to internal control, foreign branches and subsidiaries, in accordance with the requirements of Law 017-2019 that includes AML/CFT and other applicable laws and texts, and supervise the application of these requirements at the group level by a competent authority, and that any high country risks are adequately curtailed through the group's policies and controls related to AML/CFT.

66. **Conclusion:** It appears from the analysis of Recommendation 17 that Mauritania met all the requirements of Recommendation 17, especially after the issuance of Ordinance No. 06-2019 on 22/11/2019 related to the supervisory controls to AML/CFT.

67. Given the absence of shortcomings, the level of compliance achieved in relation to Recommendation 17 is "**Compliant**".

- **Recommendation 19 (Higher Risk Countries) (Non-Compliant):**

68. According to what is stated in the MER, it is clear that the procedures to be followed when establishing a relationship with companies or financial institutions residing in countries that do not apply international standards or do not fully apply them are not sufficient. Also, there are no procedures to ensure notifying financial institutions about concerns of vulnerabilities in other countries.

69. To address the shortcomings, FIs were required under Article (10) Paragraph (2) of Central Bank Order No. 06/M/2019 that FIs must apply EDD measures proportionately, with the level of risk, to business relationships and transactions that are carried out with natural and legal persons (including FIs) from countries for which this is called for by the FATF. With the support of the Unit, as per Article (5/8) of Decree 198-2019, the National Committee is concerned with rules for identifying high-risk countries in the field of AML/CFT according to the lists issued by the FATF in addition to other relevant authorities. The State had put in place a mechanism on identifying high-risk countries, other than those issued by FATF, through the national committee who is also specialized in identifying higher-risk countries in the AML/CFT field, whether based on lists issued by the FATF or other relevant authorities, in coordination with the stakeholders. It instructs supervisors to verify compliance of the financial institutions subject to their supervision with the implementation of the measures required, including countermeasures.

70. FIs have been requested, in accordance with Central Bank order No. 06/M/2019, to take countermeasures such as limiting business relations or financial transactions with these persons in light of what is provided to them by the Unit (in implementation of the FATF call or by a decision of the National Committee). FIs have been requested under the Central Bank's order No. 06/M/2019 / No. 07/M/2019 if the State continues not to apply FATF Recommendations of or does not apply them to a certain extent of adequacy, according to the information available to the FIs or the company and what is provided by the FIs or the company by the Unit, FIs or the company must take measures towards the people who belong to or are present in that country, whether they are customers or BOs.

71. **Conclusion:** Mauritania has worked to address the shortcomings related to this Recommendation by including provisions in law 017-2019 that have been interpreted and detailed in Central Bank Order No. 06/M/2019 to Financial Institutions and number 07/M/2019 to Insurance Companies regarding the implementation of Due Diligence measures proportionately with the level of risk of high-risk countries when FATF calls to do so or independently, and taking countermeasures. Also Decree 198-2019 of the rules of the National Committee's functions and the Unit in which the mechanism of informing FIs and DNFBPs of high-risk countries with relation to AML/CFT.

72. According to the above and since aa shortcomings are corrected/addressed, the level of compliance achieved in Recommendation 19 is "**Compliant**".

- **Recommendation 20 (Reporting of Suspicious Transactions) (Partially Compliant)**

73. According to what is stated in the MER, persons subject to the law in Article VI of Law 48-2005 are obliged, in the event of having reasonable grounds to suspect, to inform the FIU of unusual or unjustified

transactions, and the obligation has not extended to include reporting of suspicion that the funds are proceeds of crime, and has not extended to include suspicions of attempted transaction.

74. The Mauritanian authorities have obligated FIs under Article 15 of Law 017-2019 that if they suspect or have reasonable grounds to suspect that all or some of the funds represent proceeds of crime, money laundering or terrorist financing, or have a relation to money laundering or terrorist financing, or that it will be used in money laundering or terrorist financing transactions, including attempts to conduct these transactions, to adhere to inform the Unit immediately of those transactions.

75. **Conclusion:** The State addressed the shortcomings related to STRs through the AML/CFT Law 017-2019 and Central Bank instructions to FIs and Insurance Companies, where they were obligated to immediately report to the Unit in the event they suspected that all or some of the funds represent proceeds of crime, money laundering or terrorist financing, or is related to money laundering or terrorist financing transactions, or it will be used in money laundering or terrorist financing transactions, including attempts to conduct these transactions regardless of the amount of the transaction.

76. According to the above and since aa shortcomings are corrected/addressed, the level of compliance achieved in Recommendation 20 is "**Compliant**".

- **Recommendation 22 (Designated Non-Financial Businesses and Professions "DNFBPs": Customers Due Diligence) (Partially Compliant):**

77. According to what was stated in the MER, and despite of having DNFBPs subject to AML/CFT Law 48/2005, however, within the framework of obliging customers due diligence, this obligation was limited to identifying DNFBPs customers, along with issuing instructions through the Central Bank without any legal basis, obligating DNFBPs to comply with the requirements of this recommendation.

78. To address the shortcomings, DNFBPs were obligated under Article (6/2) of Law 017-2019. By applying CDD measures based on risk level associated with the customer or business relationships and other elements. Given the application of EDD when ML/TF risks are high. Real estate agents were asked, according to Ministry of Commerce, Industry, Handicraft and Tourism Circular No. 552, to apply CDD to identify the customer's identity, legal status, activity, purpose of the business relationship, its nature, and the BOs, if any, and verify it in detail, and conduct ongoing follow-up of the transactions that take place in the context of a continuous relationship with customers, when they perform transactions for the interest of their customers by buying and selling real estate. According to Circular No. 551, all Traders in Precious Stones and Metal are obligated to apply CDD measures towards customers when they perform any cash transactions with their customers equal to or greater than the amount of 400,000 ounces (approximately $10,500) and that includes related transactions that are equal or exceed this threshold. Lawyers, notaries, other independent legal professionals, accountants, and TCSPs have been obligated under Law 017-2019 to apply CDD measures based on risk level associated with customers or business relationships when they set up or implement financial transactions on behalf of their customers, according to the activities outlined in the Recommendation, noting that the implementing Decree No.197-2019 of the AML/CFT Law determines the same due diligence requirements for FIs and DNFBPs set out in R.10 concerning the CDD requirements, which are consistent with the requirements of the Recommendation.

79. DNFBPs specified under Article (12) of Law 017-2019 have been obligated to keep all account documents, transactions, correspondence, records, files, papers, data for all local and international transactions and all information related to it and the results of any analysis carried out, including records obtained through CDD measures for a period of not less than 10 years from the date of the end of the transactions, the business relationship or the occasional transaction(s), or the account is closed and make them available to the competent authorities. The State, on one hand, has redefined PEPs in a manner consistent with the definition of FATF according to Decree 197-2019 and demanded DNFBPs to use appropriate tools to identify PEPs and apply additional measures on them and obtain the approval of senior management before establishing a business relationship or continuing that business relationship with the PEP, taking all reasonable measures to determine the source of its wealth and funds, and apply regular EDD for the business relationship. This applies to persons close to the PEP and its relatives.

80. DNFBPs were obligated in relation to ML/TF risks, to identify ML/TF risks that may arise from the development of new products or business practices or new means of providing services, products or processes or those that arise from the use of new or under development technologies (On new and existing products), provided that the risks assessed before the launch of the product or new business practices or before the use of new technologies or under development. It must take appropriate measures to manage and mitigate the identified risks. Real estate agents and Traders of Precious Stones and Metals have been banned from relying on third parties to implement due diligence measures towards customers in accordance with Ministry of Commerce, Industry, Handicraft and Tourism Circular No. 551 and No. 552.

81. **Conclusion:** Mauritania has made many efforts to address the shortcomings identified in the MER, and has worked to find measures and requirements for addressing shortcomings by requiring DNFBPs to comply with the requirements of R.10, by setting the conditions for maintaining records and requirements for dealing with PEPs defined in the law, as well as meeting the requirements of new technologies (Recommendation 15).

82. Given the absence of any remaining shortcomings, the level of compliance achieved in recommendation 22 is "**Compliant**".

- **Recommendation 23 (Designated Non-Financial Businesses and Professions "DNFBPs": other measures) (Partially Compliant):**

83. According to what is stated in the MER, there is no obligation on DNFBPs to report suspicious transactions in the event of attempts to conduct transactions, regardless of the amount of the transaction, nor there is an obligation to inform the Financial Information Analysis Commission (CANIF) immediately if it suspects or has Reasonable grounds to suspect that funds are generated from criminal activity, or linked to terrorist financing. As for TCSPs, there is no obligation in the State to enforce the implementation of the requirements related to reporting suspicious transactions. There is no indication that TCSPs are required to comply with internal control/supervision requirements. And there is no legal text that obligates the DNFBPs sector to create an independent auditing department to test/examine its AML/CFT system. Mauritania has not issued any legal texts regarding DNFBPs implementing the requirements of Recommendation 19. And the prosecution due to breaching the banking or professional secrecy only applies to the natural person and does not extend to the legal person, also there are no written instructions or any notes/memos for lawyers related to AML/CFT.

84. To correct the shortcomings, The Mauritanian authorities have obligated DNFBPs under Article 15 of Law 017-2019 that if they suspect or have reasonable grounds to suspect that all or some of the funds represent proceeds of crime, money laundering or terrorist financing, or have a relation to money laundering or terrorist financing, or that it will be used in money laundering or terrorist financing transactions, including attempts to conduct these transactions, to adhere to inform the Unit immediately of those transactions. Traders in Precious Stones and Metals were required to inform the Unit immediately/promptly in the case of suspecting a transactions as proceeds of crime, money laundering or terrorist financing in accordance with the reporting requirements mentioned in Article 15 of the law, regardless of the amount of the transaction. They were obliged to put in place internal policies, controls and procedures approved by the senior management that enable them to manage the identified risks and mitigate them, while constantly reviewing and updating them, including all its branches and subsidiaries, implementing them effectively, to include compliance management arrangements including the appointment of compliance officer to senior management level and have adequate examination procedures to ensure high standards upon appointment, in addition to training programs, provided that the internal audit function is independent, efficient and effective, and that the financial group must implement programs to combat money laundering and terrorist financing on all Group members with the application of internal policies, controls and procedures to all of its branches and subsidiaries that it [Group] owns or controls majority of its shares and ensure effective implementation while ensuring information is shared between them and providing information about customers, accounts and transactions for compliance and review tasks.

85. Article (10/4) of implementing Decree 197-2019 stipulated that in cases where the control requirements in a foreign country are less stringent than those imposed by Law 017-2019 on AML/CFT, DNFBPs should ensure that their branches and subsidiaries that it owns or controls majority of its shares apply the requirements stipulated for in Law 017-2019 and Implementing Decree 197-2019. And if the foreign country does not allow the application of these requirements, then DNFBPs should inform the supervisory authority in Mauritania and take additional measures to manage the risks associated with its transactions abroad and appropriately mitigate them. Real estate agents and Traders in Precious Stones and Metals were obligated, according to Ministry of Trade and Tourism Circular No. 551 and No. 552, to conduct EDD measures when there are high ML/TF risks transactions, including transactions that take place in countries that do not have adequate AML/CFT systems or in high-risk countries, including those that FATF calls for action against. Law 017-2019 also included that DNFBPs, members of their boards of directors, managers and employees are not exposed to any civil or criminal liability if they report, in bona fide manner, suspicious transaction(s). And it is prohibited for DNFBPs and any of its board members, directors or employees to disclose or alert/tip-off the customer or any other person about any procedure related to suspicions that have been raised thereupon or will be sent to the Unit and not to disclose except to the extent that is necessary for their application of the provisions of the law.

86. **Conclusion:** Mauritania has addressed the shortcomings related to this Recommendation by setting up provisions and procedures for reporting requirements, confidentiality, internal controls and policies, and dealing with high-risk countries. It remains for a Mauritania to meet the requirements of criterion 23-2 related to internal control, as DNFBPs are required to maintain the confidentiality and use of the information exchanged, without requiring them to provide guarantees of not tipping off in accordance with the requirements of sub-criterion 18.2 (c).

87. According to the above and since the shortcomings are minor, the level of compliance achieved in Recommendation 23 is "**Largely Compliant**".

- **Recommendation 24 (Transparency and beneficial ownership of legal persons) (Non-Compliant):**

88. According to the MER, Islamic Republic of Mauritania (Mauritania or the Country) has not initiated the national risk assessment measures yet, nor has a separate assessment been conducted, the risks represented by the legal persons have not been identified. Also, there is no reference to any legal texts or orders requiring all the companies and legal persons to keep a record of their shareholders or members and the number of shares and that such information is kept in a place the company registrar advises of. Moreover, there are no texts legally binding and the assessment team did not find any obligation to accurately update the data and to advise thereof in a timely manner. The Mauritanian authorities do not follow any mechanisms to ensure that the information on the beneficial owners of a company is obtained by such company and available at a specific place in the country or can be otherwise determined in a timely manner by a competent authority. There is no obligation that requiring that the information on the beneficial owners should be accurate and updated as much as possible, or any provision that ensures companies co-operate with competent authorities to the fullest extent possible in determining the beneficial ownership. Nothing is mentioned in the code of commerce for maintain the information and records mentioned in Recommendation 24 for at least 5 years after the date on which the company is dissolved. Criterion 10-15 are not met, and the Mauritanian authorities did not submit anything to support compliance with these Criterion. It is worth mentioning that the Code of Commerce allows bearer shares which are transferred by mere handling and Mauritania did not submit any mechanism which ensures their protection from being misused for ML/TF.

89. To address the shortcomings, the beneficial owner is defined in law and executive regulations as “any natural person who owns or exercises direct or indirect ultimate control over the customer or a person on whose behalf a transaction is being conducted and any person who exercises ultimate effective control over a legal person or legal arrangement”; which is consistent with the FATF definition. the competent authorities are asked to agree, once establishing legal persons pursuant to the Implementing Decree No. 197-2019, to obtain comprehensive, accurate and current basic information about the legal persons along with beneficial ownership information by them, and to make the basic information available to public and

information to the competent authorities as per the procedures applicable in this regard. The legal persons should keep comprehensive, accurate and current record for the basic and beneficial ownership information and those related to shareholders, directors and board members, the legal person and arrangement should keep and provide upon request information and records and the competent authorities should keep and disclose legal person and beneficial ownership data and information. And that the legal persons established in the Country should identify one or more natural persons resident in the country is authorized by the company, and accountable to competent authorities, for providing all basic information and available beneficial ownership information, and giving further assistance to the authorities. The competent authorities and legal persons or their directors, liquidators or others responsible for dissolving the legal persons should keep the records and information for at least 10 years from the date of legal person dissolution or non-existence.

90. Article (39/5) of Law No. 5 of 2000 (Trade Law) stipulates that every legal entity pertaining to the private law and engaged in economic activity should be registered in the commercial register/registry. Conditions and procedures apply thereto, which include the name of the company, evidence of incorporation, legal form, status, registered office address and basic regulatory authorities, and the list of managers ... which is essential information for which participation controls have been established. The company's articles of association and regulations also contain information related to the company's form, name and address in addition to a number of other information including shareholders, the amount of capital, cash and in-kind shares of partners, managers, and other information. The contract and the list are considered information available in the commercial register and available for review. The laws regulating the companies' businesses referred to voting controls, which determine the companies' articles of association.

91. The Article 19 of the Implementing Decree No. 197-2019 states that the competent authority should exchange information quickly with the counterpart foreign authorities regarding the basic and beneficial information about the legal persons including making available such basic and beneficial information collected by the Country and were not provided when needed and at the required time and to exchange the information about owners/shareholders. As well as using powers of inquiry and investigation to obtain beneficial information on behalf of counterpart foreign authorities.

92. **Conclusion:** The country addressed some of the deficiencies relating to this Recommendation by including some texts in Law No.017-2019 and its implementing decree, particularly with respect to obtaining and exchanging basic information on the beneficial owners and the powers of competent authorities to collect information. However, there are some requirements that have not been fulfilled, which are represented in the failure to assess the ML/TF risks associated with all types of legal persons created in the country (Criterion 24.2), and absence of information on the mechanisms to ensure the accuracy of BO information, and how often legal persons are required to update said information, and whether there are relevant penalties for non-compliance that impact competent authorities' ability to obtain, in timely manner, beneficial ownership information (Criterion 24.6, 24.7 and 24.10), however, this does not affect the ability of the competent authorities to access the information of the BO since the evaluation of the effectiveness of the mechanism used to ensure the accuracy of the information related to BO is carried out within the framework of assessing effectiveness and not in the framework of assessing the TC. The requirements that have not been fulfilled are also represented in the absence of information on the country's ability to apply one or more mechanisms to ensure that legal persons are not misused for money laundering or terrorist financing in case bearer shares or bearer share warrants are issued (Criterion 24.11), absence of information indicating that in case there are legal persons able to have nominee shares and nominee directors, to apply one or more mechanisms to ensure they are not misused (Criterion 24.12), and on the extent to which it is monitoring the quality of assistance it receives from other countries in response to requests for information (Criterion 24.15) and on the range of sanctions that can be applied in case legal persons violate the controls relating to this Recommendation (whether for natural or legal persons) (Criterion 24.13).

93. According to the above, and since the shortcomings are moderate, the level of compliance achieved for R.24 is "**Partially Compliant**".

- **Recommendation 26 (Regulation and Supervision of Financial Institutions) (Partially Compliant):**

94. According to the MER, it does not appear which supervisory authority is in charge of monitoring MAURIPOST in the AML/CFT field. There is no explicit legal text that approve the establishment, or continued operation, of shell banks. The supervisory authorities in charge of monitoring FIs did not take the necessary legal or regulatory measures to prevent criminals or their associates from holding significant or controlling interest, being a beneficial owner of such interest or holding a management function in any FI. The risk-based approach is not applied for the supervision and monitoring for AML/CFT purposes and the consolidated group-based supervision for AML/CFT purposes is not applied either. Also, it is not clear whether there is a regulation, supervision or monitoring, taking into consideration the degree of ML/TF risks in other FIs. It does not appear whether ML/TF risks are assessed or the risk-based approach to supervision and monitoring is applied, and the extent of frequency and intensity of on-site and off-site AML/CFT supervision of financial institutions or groups is not established. The supervisory authorities have not reviewed the assessment of the ML/TF risk profile of the financial institution or group.

95. To address the shortcomings, Article 26 of Law No. 017-2019 states that for AML/CFT purposes, all FIs in the Country, including their inside or abroad branches and affiliates, shall be subject to the supervision of the Central Bank of Mauritania including the requirements of Law No. 017-2019. Also, the FIs definition in the Implementing Decree No. 197-2019 is in line with definition provided by FATF. The same Law states that it is prohibited to establish, or continue operation of shell banks and that the supervisors should approve the establishment of shell banks and cancel any valid licenses for FIs representing shell banks, which have to notify the competent authorities immediately once know about any shell bank operating in Mauritania. Article (12) of implementing Decree No.197-2019 stipulates that financial institutions, are prohibited from exercising their activities inside the country without obtaining prior permission, license or registration from the competent authority. The Central Bank is the authority charged with the activities of financial institutions of all kinds in the country. The competent authorities should take all measures and procedures related to develop and implement procedures and measures to ownership and control over significant shares in the FIs including the beneficial owners, or participating directly or indirectly in their management, control or operation and that the competent authorities, when considering a new or renewal request for registration or licensing, verify the identity of shareholders, higher management and beneficial owners in the requesting party and to take procedures and measures necessary to prevent criminals or their associates from holding a significant or controlling interest, or holding a management function therein.

96. The Law No. **0**17-2019 obligates the supervisors to take measures and procedures to ensure that their foreign branches and subsidiaries are compliant with legal and supervisory AML/CFT requirements, and to take appropriate additional measures and procedures to manage ML/TF risks. In accordance with Basel committee's basic Principles. This includes collecting information and data from FIs, applying appropriate supervision and control procedures including off-site and on-site supervisions and to identify the type and extent of the measures taken by the FIs in line with ML/TF risks and commercial activity size. According to RBA. However, the additional measures that are consistent with the basic principles of insurance and reinsurance companies have not been addressed.

97. **Conclusion:** Upon analyzing, it is evident that Mauritania satisfied some requirements of R. 26 after issuing the Law No. 017-2019 and Implementing Decree No. 197-2019, and has provided some information that reflects the practical practice in accordance with the requirements of the RBA to monitoring and follow-up, As such, Mauritania still has to address the deficiencies represented in the absence of : Measures consistent with the basic principles for insurance and reinsurance companies , texts and procedures about the frequency and intensity of AML/CFT supervision of financial institutions/groups based on the Sub-Criterion of 26.5, and special arrangement to assess the ML/TF risk structure for financial institutions/groups periodically or in case of significant development as per requirements of Criterion 26.6, noting that the deficiencies in criteria (5 and 6) referred to above represent a relative importance to the recommendation as it relates to the most prominent control measures for FIs.

98. According to the above, and since the shortcomings are moderate, the level of compliance achieved for R.26 is "**Partially Compliant**".

- **Recommendation 27 (Powers of Supervisors) (Partially Compliant):**

99. According to the MER, The Central Bank of Mauritania is the only supervisory authority with off-site and on-site supervisory powers to supervise the compliance with AML/CFT requirements, which is absent for other supervisors. On the other hand, there are no instructions to periodically provide ML/TF off-site data to any of the supervisors over the FIs.

100. To address the shortcomings, Article 1 of the Decree No. 197-2019 implementing AML/CFT Law No. 017-2019, defined FIs to include: Banks operating in Mauritania, small finance companies, exchange houses, insurance, reinsurance and brokers companies, Deposit and Development Fund, the post, payment institutions, which provide payment services including MVTS, any person/other entity practicing one or more financial activities or operations for, or on behalf of, a client as mentioned in the FI definition in this Decree. On the other hand, Article 26 of AML/CFT Law states that: "for AML/CFT purposes, all FIs operating in Mauritania, including branches and subsidiaries inside and outside Mauritania are subject to the CBM supervision, which may take all measures and procedures to make them meet the requirements of this Law and its implementing decrees".

101. Article 28 of AML/CFT Law No. 017-2019 states that: "the supervisory authorities shall supervise the compliance to implement the provisions stipulated for in the Law and its Implementing Decrees as mentioned in detail in this Article". It mentions also the measures and procedures taken by the supervisors, among which: the collection of information and data from FIs and the application of appropriate supervisory and oversight procedures, including off-site and on-site supervision. Paragraph 13 of the same Article states that the supervisors have the power to "implement measures and impose penalties over the supervised entities for non-compliance to the provisions of this Law and its implementing decrees".

102. Article 44 of the same Law states that the supervisors may apply the following sanctions over the FIs or any of the board members, directors and employees in case of non-compliance to any of the procedures or measures issued by the supervisors pursuant to provisions of this Law. Such sanctions include written warning, payment of fines determined by the supervisors, temporary suspension or prohibition for some operations, hold dividends, temporary suspension for one or more board members or owners or full or partial withdrawal of approval. In all cases, supervisors may publish all the sanctions in different media and follow up with such entities in order to take the appropriate corrective measures.

103. **Conclusion:** Upon analyzing, it is evident that Mauritania satisfies all the requirements of R. 27.

104. Therefore, and given the absence of shortcomings, the level of compliance achieved in relation to R. 27 is "**Compliant**".

- **Recommendation 28 (Regulation and supervision of DNFBPs) (Non-Compliant):**

105. According to MER, Mauritania identified some competent authorities responsible for monitoring the AML/CFT compliance of DNFBPs, especially some unsupervised sectors, but they do not have the sufficient powers to monitor the compliance of such entities with AML/CFT requirements or any sanctions to apply to DNFBPs, therefore Mauritania is not applying RBA.

106. To address the shortcomings, Mauritania assigned the DNFBPs supervisors in Article 1 of the Implementing Decree No. 197-2019 of the AML/CFT Law. Article 28 of the AML/CFT Law states that the supervisory authority shall undertake the supervision to the compliance with the provisions of this Law and its implementing decrees. The Unit supervises the DNFBPs and other entities which are not supervised and may take all procedures and measures to obligate them to meet the requirements of AML/CFT Law and its Implementing Decree. Moreover, Article 28 gives adequate powers to the supervisors to do their function.

107. **Conclusion**: Article 28 of the AML/CFT Law states that the supervisory authority shall undertake the supervision to the compliance with the provisions of this Law and its implementing decrees. Also, Article 27 of AML/CFT Law states that the Unit supervises the DNFBPs and other entities which are not supervised and may take all procedures and measures to obligate them to meet the requirements of AML/CFT Law

and its Implementing Decree. Although Mauritania said that the supervisory authorities undertake to determine the frequency and intensity supervision over DNFBPs on the basis of risks, taking into account their distinctive features especially their diversity and number, however, it is unclear what are the texts supporting that was executed and in accordance of what basis. However, the country did not provide any information or documents supporting the foregoing (Criterion 28.5).

108. Given the remaining shortcomings, which are considered to be moderate, the level of Compliance achieved in relation to Recommendation 28 is "**Partially Compliant**".

- **Recommendation 30 (Responsibilities of Law Enforcement and Investigative Authorities) (Partially Compliant):**

109. According to the MER, Mauritanian authorities issued the laws which determine the competent courts and the law enforcement authorities concerned with combating ML/TF offenses, but did not submit any evidence indicating that there is one or more designated competent authorities to expeditiously identify, trace, and initiate freezing and seizing of property that is, or may become, subject to confiscation or is suspected proceeds of crimes.

110. To address the shortcomings, Article 15 of the Implementing Decree states that the Competent Authority (According to the AML/CFT Law, the term "competent authority" includes concerned ministries (Justice, finance, and trade), supervisory authorities, FIU, law enforcement authorities as well as investigative authorities, prosecution , and courts, and does not cover for instance tax and customs authorities) should, upon conducting investigation, inquiry and examination to collect evidence and leads related to ML/TF crimes, conduct parallel financial investigation including financial investigations as well as criminal investigation about ML/TF crimes and predicate offences Also, prosecutions & investigation authorities and courts undertake the investigation, accusation, case initiating and all procedures and measures related thereto in accordance to the Criminal Procedures Law and may order to conduct criminal or parallel financial investigations to uncover the financial aspects of the criminal activity whether in conjunction with, or independent from, the predicate offences investigations. Judicial police that is responsible for Anti-corruption have powers to trace, freeze and seize assets.

111. **Conclusion:**The AML/CFT Law No. 017-2019 sets the AML national policy framework and identifies the competent authorities to conduct the ML/TF crimes and predicate offences investigations and guarantees their ability to access all required documents and information to benefit from. Also, LEA investigators in predicate offences are entitled to initiate ML/TF crimes investigation while conducting parallel financial investigation. As well as the assignment of competent authorities to identify, trace, and initiate freezing and seizing of property (Criterion 30.3). According to Article 15 of Implementing Decree No. 197-2019, the authorities, which are not LEAs, were identified to follow predicate offences financial investigations, which does not include, for instance, tax and customs authorities, and it is not clear whether these authorities have similar powers under other legal tools for pursuing financial investigations of predicate crimes (Criterion 30.4). **The judicial police responsible for combating corruption have been empowered to trace, freeze and seize criminal assets** (Criterion 30.5).

112. According to the above, **and since the remaining deficiency is minor**, the level of compliance achieved for R. 30 is "**Largely Compliant**".

- **Recommendation 31 (Powers of Law Enforcement and Investigative Authorities) (Partially Compliant):**

113. According to the MER, the LEAs have the power to use some special investigative techniques, however, they do not include undercover operations and controlled delivery. The issued laws granted LEAs and judicial authorities the powers and mechanisms to combat ML/TF crimes, however, no deadlines or provisions on timeliness were set for conducting their tasks. Also, there are no legal texts enabling the anti-economic and financial crimes department and the specialized office at the State Security to be directly provided with financial information from CANIF were established. Moreover, the power to use the undercover operations and controlled delivery by the competent authorities conducting investigations was mentioned in the AML/CFT Law.

114. The supervisors have absolute powers to collect information and data from FIs and DNFBPs based on the Article 28 of AML/CFT Law. Also, Article 12 of AML/CFT Law obligated the FIs and DNFBPs to urgently make available all transactions, accounts, correspondences, records and documents to the competent authorities upon request. Moreover, Article 9 of the Law Implementing Decree stated that FIs and DNFBPs should urgently provide all information, CDD and EDD measures, all accounts, transactions, correspondences, records and documents to the competent authorities upon request. Article 29 of AML/CFT Law provides that the Mauritanian FIU exchanges information with competent authorities on all the notifications, information, STRs, and other data, information and reports, in a timely manner and through protected and secure channels, which means that the competent authorities (i.e. the investigation and prosecution authorities and the courts) possess the power to request whatever information they deem appropriate from the FIU.

115. **Conclusion:**The Law 017-2019 gives the competent authorities conducting ML/TF investigations the ability to access all necessary documents and information useful for investigations including the power to use undercover operations and controlled delivery. Also, the competent authorities have procedures enabling them to identify accounts and assets without prior notification to the owner. **The competent authorities were granted powers to request the information they deem appropriate from the FIU** (Criterion 31.4).

116. According to the above, **and since there are shortcomings, t**he level of compliance achieved for R. 31 is "**Compliant**".

- **Recommendation 32 (Cash Couriers) (Partially Compliant):**

117. According to the MER, Mauritanians are exempted from the obligation of disclosure when importing foreign currency if the imported sum is above three thousand dollars. There are no other ways to make the information of the declaration/disclosure directly available to the FIU. The disclosure system does not refer to the measures which should be applied when the local currency (MRO) is concerned. No provision explicitly stipulates that the competent authorities are able to stop or restrain currency and BNIs for a reasonable time, in order to ascertain whether evidence of ML or TF may be found and there is no explicit reference that there are strict safeguards to ensure proper use of the information collected through the declaration/disclosure systems. Additionally, there is no certain text imposing the sanctions for carrying out physical cross-border transportation of currency or BNIs that are related to ML/TF or predicate offences or any specified measures. Nothing refers to any declaration procedures which should be applied when the local currency (MRO) is concerned.

118. To address the shortcomings in the MER, the AML/CFT Law No. 017-2019 states that Mauritania shall apply the foreign currency disclosure system[1] as article (56) of the law stipulates that: "any person entering to or exiting from the Country should disclose any currencies, BNIs, precious metals or stones pursuant to the disclosure system issued by the Central Bank of Mauritania". In accordance with Order No. 08-2019 related to the disclosure system, it is forbidden to enter or exit the national currency, except after obtaining the approval of the Central Bank. According to what the Mauritanian authorities explained, the implemented system is the oral declaration system, although the law and the Order issued by the CBM do not clarify whether the obligation would be to submit the declaration in writing or orally. The disclosure system applies to all across-boarders national and foreign currencies, post and shipment. And established clear mechanism for cooperation between the customs, the police and the other authorities, and no agreements for the exchange of information among them especially during the processing of joint files. Upon discovery of false declaration, the authorities are entitled request any additional information. It was agreed between the FIU and Customs to overcome the issue of providing the FIU with disclosed foreign currencies and BNIs. The cooperation is conducted through the AML/CFT National Committee in which all the concerned entities are represented to coordinate between each other.

[1] The term "disclosure" is used linguistically in the Mauritanian laws and regulations, but in terms of application, Mauritania applies the "Declaration" system, and not the "Disclosure" system.

119. The State stated that there is continuous cooperation between the Customs Authority and other authorities with regard to the implementation of the legal and applied requirements related to Recommendation 32, and it is carried out through the NCAMLCFT, in which most of the relevant authorities are represented therein to coordinate among each other. And the Unit, within the framework of coordination, and according to Article 8 of the system, receives a copy of the minutes prepared by customs and sent to the Mauritanian Central Bank.

120. The Customs should take all necessary procedures to maintain all records and information related to the implementation of such system, including the disclosure of foreign currencies and BNIs, as well as the non-compliance with disclosure or providing incorrect information or data (false declaration) and the ML/TF suspicion, provided to take all necessary procedures to provide international assistance and cooperation in this regard.

121. All concerned authorities, especially Customs, Central Bank of Mauritania, FIU, AML/CFT National Committee, investigative and prosecution authorities, are required to take all necessary procedures to ensure the good usage of information collected under this system. The implementation of such system shall not limit any commercial payments between countries for goods and services or the uninterrupted movement of capitals in any way. The persons transferring physical cross-border currency or BNIs that are ML-related are subject to sanctions, as the Article 11 of the system states that The persons transferring physical cross-border currency or BNIs shall be subject to sanctions stipulated in AML/CFT Law No. 017-2019 and other punitive provisions, which include confiscation of seized assets if related, in any way, to committing or attempting to commit ML/TF crimes or predicate offences.

122. **Conclusion:** Mauritania applies declaration system for incoming and outgoing cross border transportation of currencies and BNIs. The entry and exit of the national currency is prohibited unless prior approval is obtained from the Central Bank, and upon discovery of false declaration, the authorities are entitled request any additional information. It remains for the Mauritanian authorities to clarify for travelers through awareness leaflets that the system applied in Mauritania is the "Declaration system" for incoming and outgoing cross border transportation of currency, BNIs, and precious metals and stones equal to or exceeding a certain threshold (Criterion 32.2, adding that the declaration system states to take all necessary procedures to provide international assistance and cooperation in this regard. The Customs, Immigration and other authorities concerned for the matters related to implementing R.32 can coordinate locally pursuant to Articles 8 and 14 of the disclosure system No. 08/G/2019. **However, it's not clear** that the authorities are able restrain currency assets for a reasonable time (Criterion 32.8) and the scope of the applied procedures to ensure that the disclosure system allows for the international assistance and cooperation and keeping information and records as per the Criterion (Criterion 32.9).

123. According to the above, and since the shortcomings are **minor**, the level of compliance achieved for R. 32 is "**Largely Compliant**".

- **Recommendation 34 (Guidance and Feedback) (Partially Compliant):**

124. According to the MER, there is no clear mechanisms or specific framework, namely with regard to feedback with the aim of detecting and reporting suspicious transactions.

125. To address the shortcomings, the Minister of Justice issued Decree No. 198 of 2019 which states in Article 12/4 that the FIU may provide the FIs and DFNBPs with the findings of analyses of the notifications and **suspicious** reports submitted to the FIU, in order to increase the efficiency in combating crime and detect suspicious transactions.

126. Article 8, paragraph 10, of Decree No. 198-2019 stipulates that the National Committee for AML/CFT, with the support of the Unit and the Central Bank, is concerned with promoting awareness of financial institutions, DNFBPs, and NPOs of ML/TF risks. The state reported that guidelines have already been issued to financial institutions, as these guidelines have been incorporated into the regulatory instructions issued to them, and guidelines have been issued for DNFBPs that have been attached to the regulatory instructions sent to them by regulatory authorities, and these guidelines would largely assist institutions and

businesses subject to the supervision of the aforementioned authorities in applying national AML/CFT measures, and in detecting and reporting suspicious transactions.

127. **Conclusion**: Mauritania satisfies most of this recommendation requirements through the issuance of Decree No. 198 of 2019 allowing the AML/CFT National Committee and FIU to raise awareness of FIs and DNFBPs about ML/TF risks and the findings of analyzing notifications and reports submitted to the FIU, However the State did not provide information on whether the supervisory authorities and other supervisors – in particular, the Central Bank – are providing feedback to the supervised entities with regards to implementing the national AML/CFT requirements, and in particular, in detecting and reporting suspicious activities.

128. According to the above, and since the shortcomings are Minor, the level of compliance achieved for R. 34 is "**Largely Compliant**".

- **Recommendation 35 (Sanctions) (Partially Complaint)**:

129. According to MER, the sanctions, whether criminal, civil or administrative which are in place to deal with natural or legal persons who fail to comply with the AML/CFT requirements are not proportionate or dissuasive. There is no reference to any sanctions determined to legal persons when they fail to comply with AML/CFT requirements.

130. To address the shortcomings, Mauritania added to its legislations proportionate or dissuasive sanctions. Article 39 of AML/CFT Law No. 017-2019 provides that anyone who violates any of the provisions of Chapter Three (Preventive Measures which apply to FIs and DNFBPs, especially with regard to freezing for the purpose of implementing TFS) and Article 34 of the Law (Confidentiality of Information) would be punished from one to five years, and with a fine of not less than one hundred thousand ounces and not more than five hundred thousand ounces (about 2600 to 13200 USD), or one of these two penalties, and anyone who violates the provisions of Title IV of this Law on NPOs shall be punished with a fine ranging from ten thousand UM to two hundred thousand UM (the equivalent of approximately $5300) or temporary suspension of activities for a period of twelve (12) months at most. According to Article 46, the competent authority may order by virtue of an administrative decision the temporary prohibition or the dissolution of the association for violation of the legal or implementing texts relating to R.8.

131. Article 44 of the same Law stipulated that supervisors may impose a set of penalties (written warning, fine not exceeding five hundred thousand UM (equivalent of approximately $13300), temporary suspension of certain operations, prohibition to engage in certain operations, appointment of a temporary director, withdrawal of the license partly or fully) against FIs, DNFBPs, NPOs and other entities or any member of the board of directors, managers and employees for non-compliance with any of the procedures or measures issued by supervisors according to the provisions of this Law. These measures include order No.06/G/2019 (on the supervisory AML/CFT controls to all financial institutions, other than insurance companies) and order No.07/G/2019 (on the AML/CFT instructions to insurance and re-insurance companies and insurance agents and brokers) which both comprise the obligations of the said institutions relating to the requirements of R.6 and R.9 to R.23.

132. **Conclusion**: According to the above, the Law No. 017-2019 allows the supervisors to apply various administrative sanctions to deal with FIs and DNFBPs that fail to comply with AML/CFT requirements of R. 6 and R. 8 to R. 23; however, these sanctions do not extend to include VASPs who fail to comply with the requirements of Recommendation 6. However, that should not affect the rating of the recommendation, taking into account the country's context.

133. According to the above, **and given that there are no remaining shortcomings**, the level of compliance for R. 35 is "**Compliant**".

- **Recommendation 38 (Mutual legal assistance: Freezing and confiscation) (Non-Compliant):**

134. According to MER, there is no explicit text providing for prompt measures to respond to the countries' requests, in addition to the absence of the proper period to take such actions. The law did not explicitly mention that the assistance upon receiving cooperation requests can be provided, on the basis of the

confiscation procedures, without relying on a conviction and the related provisional measures, at least in cases where the perpetrator is absent due to death, escape, or he/she is unknown. There are no clear arrangements to coordinate seizure and confiscation procedures with other countries. There are no mechanisms to manage or dispose of the seized or confiscated property when necessary. There is no clear text authorizing the sharing of confiscated property with other countries.

135. To address the shortcomings, the Article 23 of the Decree 197-2019 states that the central body responsible for receiving and sending MLA requests through the Ministry responsible for foreign affairs or through MLA platform is the Ministry of Justice, and to that end, to establish the International Cooperation Office which should develop a mechanism which includes a maximum timeframe for responding to the MLA request within three months of receiving such request. The said Office should, through the Memorandum establishing and regulating the International Cooperation Office in Criminal Matters issued by the Minister of Justice on 14/11/2019, provide assistance to the MLA requests on the basis of the confiscation procedures, without relying on a conviction and the related provisional measures (seizure of freezing) in cases where the perpetrator is absent due to death, escape, or he/she is unknown.

136. The Office for Running Frozen, Seized And Confiscated Assets and Collecting Criminal Assets, is requested to manage the frozen, seized and confiscated properties pursuant to the Decree No. 127-2017 o the formation and regulation of the Office For Handling Frozen, Seized And Confiscated Assets And Collecting Criminal Assets" as amended. Also, the Ministry of Justice's International Cooperation Office should coordinate with the Office for Handling Frozen, Seized and Confiscated Assets and Collecting Criminal Assets in order to develop clear arrangement to coordinate the procedures of freezing, seizure and confiscation with other countries. Clear arrangements were put in place to coordinate the seizure, freezing and confiscation measures with other countries through the business memorandum governing the establishment of the office for international judicial cooperation in the criminal field and organization of its operation, issued by the Minister of Justice on 14/11/2019. Also, the Office for Handling Frozen, Seized And Confiscated Assets And Collecting Criminal Assets is responsible for frozen, seized and confiscated assets exceeding MRO 1,000,000 ($ 26,500) The Article 20 of the Decree 197-2019 states that in case the national competent court issued confiscation orders against assets related to ML/TF crimes in the scope of international cooperation, the Minister of Finance may share the confiscated assets with other country pursuant to the procedures applicable in this regard. According to the list of definitions referred to in Article 1 of this decree, the term "funds" includes all types of assets or properties, regardless of their value, type or method of ownership.... It is clear from this that Mauritania can share the confiscated property itself and can also share the funds derived/generated from the sale of confiscated property.

137. **Conclusion:** According to the above, the Mauritanian authorities have addressed most of the shortcomings mentioned in the MER, and it remains for Mauritania to address the requirements of criterion 38.1 to ensure a rapid response to requests for international cooperation, and criterion 38.3 by granting the management office of frozen, seized and confiscated property or any other authority the power to freeze, seize or confiscate property of less than a million MROs.

138. According to the above, and since the shortcomings are minor, the level of compliance achieved for R. 38 is "**Largely Compliant**".

- **Recommendation 39 (Extradition) (Partially Compliant):**

139. According to the MER, there is no case management system or clear procedures for the execution of the extradition requests in a timely manner. It does not appear that there is an explicit legal text requiring the concerned authorities to extradite criminals who are their citizens or to refer the case without delay to the competent authorities in case they refuse to extradite the criminals on the grounds of nationality.

140. To address the shortcomings, the Article 2/51 of the AML/CFT Law No. 017-2019 states that the competent judicial authority may, upon a request by judicial authority in other country, with which Mauritania has valid agreement or upon the reciprocal principle in the punishable acts pursuant to the applicable laws in Mauritania, provide legal assistance in investigations, trials or proceedings related to crime on urgent basis, provided the delivery should be according to valid agreement between Mauritania

and requesting country or upon the reciprocal principle. If the extradition request for the wanted person is rejected in that crime, such person shall be tried in Mauritania, using the investigations provided by the country requesting the extradition. Also, all concerned authorities should prioritize international cooperation requests related to ML/TF and execute the same urgently and to take effective measures to maintain the confidentiality of the received information. If extradition requests are received from many countries simultaneously for the same crime, the preference for extradition is given to the country suffered damages to its interests because of the crime or to the country which the crime took place on its jurisdiction. If the simultaneous requests are related to different crimes, all circumstances, especially its relative risk, place of crimes, date of each request and the undertaking made by each requesting country to make reciprocal extradition, should be taken into consideration to determine the preferred one.

141. The Law 017-2019 states that the competent judicial authority may, upon a request by a judicial authority in another country, order to urgently deliver and repatriate individuals and objects related to the crime. If the extradition request for the wanted person is rejected in that crime, such person shall be tried before competent courts in Mauritania, using the investigations provided by the country requesting the extradition as determined by the implementing decrees.

142. **Conclusion**:It is clear from the efforts exerted by Mauritania that the country satisfies most of the requirements of this recommendation, and Mauritania still have to establish case management system for monitoring the progress and ensure the execution of requests in timely manner (Criterion 39.1 b) and issue implementing decrees allowing the referring of the extradition request to courts without delay (Criterion 39.2 b).

143. According to the above, and since the shortcomings are minor, the level of compliance achieved for R. 39 is "**Largely Compliant**".

- **Recommendation 40 (Other Forms of International Cooperation) (Partially Compliant):**

144. According to the MER, there are no specific provisions that indicate that cooperation should be provided rapidly in all cases. The competent authorities do not have the power to use the most efficient ways of international cooperation, clear and safe outlets, mechanisms or channels for transferring and executing information requests, the procedures for arranging the requests by priority or executing them in a timely manner, or clear measures to protect the information received. There is no clear provision regarding feedback to the competent authority from which Mauritania received assistance, on usefulness of the information obtained. It was not possible to make sure that the variance between the nature or status of the counterparty requesting cooperation (civil or administrative authority, LEA or otherwise) and that of the foreign counterpart is a reason preventing the provision of assistance. Article 48 of the Law requires the foreign FIU to have the same legal status, and to be subject to similar obligations as regards secrecy and protection of third-party rights. It is impossible to ascertain that the FIU is providing feedback, to the foreign counterpart authorities regarding the use of the information submitted and the results of the analysis conducted in the light of the information submitted. The financial supervisory authorities do not have legal powers enabling them to exchange information with international counterparts and to access such information locally There is no clear text that confers the power to directly conduct joint investigations related to the combating of ML/TF offenses. The competent authorities are not permitted to exchange information indirectly with non-counterparts.

145. To address the shortcomings, the Law No. 017-2019 states that the competent authority may share crime-related information quickly enough with the counterpart foreign authorities and to execute incoming requests from any competent authority in the foreign authorities with which Mauritania has valid agreement or upon the reciprocal principle. The competent judicial authority may, upon a request by judicial authority in other country, with which Mauritania has valid agreement or upon the reciprocal principle in the punishable acts pursuant to the applicable laws in Mauritania, provide legal assistance in investigations, trials or proceedings related to crime. Also, the priority is to given to international cooperation requests related to ML/TF and execute the same urgently and to take effective measures to maintain the confidentiality of the received information and use them only for the requested purpose according to the

legislations applicable in Mauritania. Financial Information Analysis Commission (CANIF) signed many information sharing agreements with number of foreign FIUs. The FIU should inform the counterpart FIU about the results of using the provided information and analysis executed based on such information and the exchange can be spontaneously or upon request. The competent authorities have powers allowing them to conduct investigations on behalf of counterpart authorities or to form joint investigative teams for assistance or controlled delivery of the funds with countries which have valid agreements with Mauritania or upon the reciprocal principle. Which is considered an effective way of international cooperation.

146. The Implementing Decree No. 197-2019 states that the Ministry of Justice is the central body responsible for receiving, sending and managing international cooperation requests through international cooperation assistance platforms and to form international cooperation office for such end. The same Decree indicates the necessity of prioritizing the international cooperation requests and execute them in timely manner. It should be noted that Chapter 9 of the law obligated all competent authorities to exchange information internationally in accordance with memoranda of understanding or according to the principle of reciprocity, and that its provisions do not impose restrictive conditions that impede the international exchange of information. The rest of the Mauritanian authorities, except FIU, have not provided any information about the bilateral or multilateral agreements or arrangements singed between different competent authorities (judicial, financial, supervisory and security) And their foreign counterparts. And that they are using international cooperation when needed, and at an appropriate time. The Law states that the international cooperation request may not be rejected on the basis that the crime involves fiscal or tax matters, the crime is political or related thereto and the confidentiality provisions applicable to FIs and DNFBPs are not contradicting the Mauritanian valid legislations, or that the request is related to under-investigation or under-prosecution crime in Mauritania unless such request will hamper such investigation or prosecution as well as any other cases determined by the implementing decrees.

147. The Law No. 017-2019 states that the FIU should exchange information with the counterpart FIUs in other countries about the suspicious transactions or any other information over which the FIU, directly or indirectly, has control or access, and that the competent authority should exchange crime-related information quickly enough with the foreign counterpart authorities and to execute the incoming requests from any competent authority in foreign countries with which Mauritania has valid agreements or upon the reciprocal principle. They may also collect information from concerned authority in the Country, and LEAs shall have the power to exchange information with counterpart authorities in other countries and conduct investigations on their behalf or to form joint investigative teams for assistance or controlled delivery of the funds with countries which have valid agreements with Mauritania or upon the reciprocal principle.

148. **Conclusion:** According to the analysis of R. 40, Mauritania satisfies some requirements of this recommendation after the issuance of Law No. 017-2019, however, some shortcomings do still exist including the absence of any texts state whether the competent authorities may exchange information spontaneously without any requests from abroad counterpart authorities (Criterion 40.1) and the absence of any evidence that give the competent authorities the powers to use the most effective ways in international cooperation (Criterion 40.2 b), and the absence of whether competent authorities have clear gateways, mechanisms or channels to transfer or execute information requests (sub-criterion 40.2 c), And that despite the request of the competent authorities to take the necessary measures to preserve the confidentiality of this information and use it only for the purpose for which it was requested or provided, in accordance with the legislation in force in the country, yet, the procedures for protecting the information have not been detailed (Criterion 40.2 d) and the absence of any information about the bilateral or multilateral agreements or arrangements singed between different competent authorities (judicial, financial, supervisory and security) and its counterparts from foreign authorities and the need to use international cooperation and whether this is done at timely manner (criterion 40.3).

149. it has not been inferred about whether other competent authorities (with the exception of the Unit) are required to provide feedback to the counterpart authorities on the use of information It obtained and its usefulness (40.4) demanding the competent authorities not to reject any request for assistance for the reasons mentioned in (Criterion 40.5 d), not to set conditions about using exchanged information involving

prior request to provide information (40.6) and granting the competent authorities the power to reject the provision of information if the competent authority requesting cooperation cannot protect the information effectively, noting that no information were provided about the applicable procedures to maintain the confidentiality of the received information (40.7) and expressly stating the types of information which cannot be exchanged as required by Criterion (40.14). Moreover, granting the supervisory authorities the powers allowing them to authorize counterpart authorities or facilitate their work to make enquiries in Mauritania in order to facilitate consolidated group supervision (40.15), obligating the supervisory authorities to obtain prior permission by the foreign supervisory authority before using the exchanged information for supervisory or non-supervisory purposes (40.16).

150. According to the above, and since the shortcomings are moderate, the level of compliance achieved for R. 40 is "**Largely Compliant**".

B. The recommendations that were amended by FATF after the on-site visit are as follows:

151. Mauritania requested the re-rating of 7 recommendations, four of which were "Non-Compliant" (2, 7, 8 and 15), and three of which were "Partially Compliant" (5, 18 and 21). Hereunder is each Recommendation in details: The following is details of each Recommendation:

- **Recommendation 2 (National cooperation and coordination) (Non-Compliant):**

152. According to the MER, The Mauritanian authorities did not initiate the practical procedures for the NRA process, nor did they nominate or determine the entity in charge of setting and establishing national AML/CFT policies. Even if the establishment of the Orientation and Cooperation Council infers that there is a coordination mechanism, it does not however meet the level of justifying that there is a mechanism for operational coordination and no evidence was submitted through the response of the Mauritanian authorities, and it is also criticized for not covering all the sectors, such as the insurance supervisory authority.

153. To address the shortcomings of this recommendation, Mauritania nominated the AML/CFT National Committee as the central body responsible for AML/CFT policies. As the Article 8 of the Decree establishing the National Committee states that the Committee shall be responsible for developing AML/CFT national strategies and policies and follow up their execution. Also, the FIU shall serve as the general coordinator to perform all executive works required to develop and follow up execution of national strategies and policies and to present its result reports and proposals to the Committee. The national strategy (2019-2022) was approved, taking into account the outputs of the national risk assessment

154. There are also cooperation mechanisms between the competent authorities through the establishment of AML/CFT National Committee which is responsible for: "developing procedures and measure required to implement UNSCRs under Chapter VII of the United Nations Charter about the targeted financial sanctions including the prevention and combating terrorism and financing terrorism and prevention, combating and combating proliferation and financing of proliferation and to provide the AML/CFT National Committee with all freezing orders to take the procedures and measure required to implement the same" according to the Article 48 of Law 017-2019. Also, the Decree No. 199 of 2019 stated the formation and regulation of the National Committee for Combating Terrorism, which is "responsible for coordination between competent authorities including those responsible for combating terrorism and proliferation and prevent their financing". The National Committee for Combating Terrorism consists of representatives of ministries and security bodies facilitating the cooperation and coordination in different functions vested in the Committee including combating financing of proliferation.

155. In addition, the National Committee approved in November 2019 an official document entitled The Coordination Mechanism between Local Authorities concerning combating ML/TF. The document included in the 3rd and 6th clause, "the commitment of all members of the committee concerned with combating ML/TF to prepare the necessary studies on the best ways to coordinate and exchange information related to combating ML/TF with various other competent local authorities, provided that the FIU undertakes to follow up obtaining studies from all relevant authorities concerning coordination and exchange of information related to combating ML/TF with other parties at the policy-making and

operational levels, and to submit to the National Committee to work on overcoming any practical difficulties; however, the assessment team was not informed of the extent to which the state has developed or applied mechanisms that enable local authorities to coordinate and exchange information locally on combating ML/TF. Noting that MOUs were concluded between the various parties

156. **Conclusion:** Upon analyzing Recommendation 2, it is clear that Mauritania still has to meet Criterion (2.3) as the mechanisms adopted by the state were limited to the application of TFS and the implementation of the NRA, which does not cover all AML/CFT policies and activities. And Criterion (2.5) as there is no evidence to the cooperation and coordination between concerned authorities to ensure the alignment of AML/CFT with the rules of protecting confidentiality and privacy of other similar rules.

157. Given the remaining shortcomings, which are considered to be moderate, the level of Compliance achieved in relation to Recommendation 2 is "**Partially Compliant**".

- **Recommendation 5 (Terrorist Financing Offence) (Partially Compliant):**

158. According to the MER, there are some shortcomings related to criminalization of terrorist financing in terms of limiting the financing of a person or organization to the intent to use the fund or part thereof in committing a terrorist act. Also, the criminalization of foreign terrorist fighters travel has some shortcomings such as not defining them in the law, or including the criminalization of travel financing to commit, plan, prepare or participate in terrorist acts and the inability to get the necessary knowledge from objective factual circumstances.

159. To address the shortcomings, the Article 5 of Law No. 017-2019 states: "whether or not used in committing terrorist crimes...." Therefore, the Mauritanian legislator has not linked the financing to terrorist act (s). The Mauritanian authorities issued the Law 017-2019, in which Article 5 defined TF crime perpetrator as to involve financing, supporting, helping in arranging the travel and training of foreign terrorist fighter to commit, plan, prepare or participate in terrorist acts. Also, Article 1 of the Law defined the terrorist as follows: "regardless whether the accused person in committing the crime is in the same or another country', therefore, the foreign terrorist fighter is defined.

160. The last paragraph of the Article 5 in Chapter 2 of the Law No. 017-2019 states that the elements of knowledge can be gotten to prove the TF crime through objective factual circumstances, therefore, the definition of TF crime the possibility of getting the elements of necessary knowledge to prove the TF crime through objective factual circumstances. The first paragraph of Article 42 of Chapter 7 in the Law No. 017-2019 states both sentences of imprisonment (and) fine, and that is unquestionable, whereas the length of imprisonment and value of fine are for the judge to determine in accordance to the frames stipulated for by the Law. Articles 40 and 42 of Chapter 7 in the Law No. 017-2019 states that the legal persons are subjected to criminal liability and punishments as required by the Criterion.

161. **Conclusion**: Mauritania addressed the shortcomings identified in the MER where the definition of terrorist offence actor/perpetrator was mentioned under Article 5 of Law 17-2019 to cover the support or financing or assisting in organizing the travel of a foreign terrorist fighter, train them to carry out, or plan, or prepare or participate in terrorist acts, or by providing consultation for that purpose, whether by actually using funds or not in the commitment of terrorist crimes, and regardless of whether that person is a suspect/accused in committing the crime in the same country or in another country where the terrorist or terrorist group exist or the terrorist act occurred. The steps it undertook addressed the issues relevant to the elements of knowledge and intent which are both required to prove the TF offense from objective factual circumstances. Sanctions were applied to natural and legal persons.

162. According to the above and since **there are no** remaining shortcomings, the level of compliance achieved for R. 5 is "**Compliant**".

- **Recommendation 7 (Targeted Financial Sanctions Related to Proliferation) (Non-Compliant):**

163. According to the MER, the shortcomings are clear in this recommendation, given the absence of any instructions or mechanisms to apply TFS related to proliferation.

164. To address the shortcomings, Mauritania executed TFS, as the Article 48 of the Law No. 017-2019 states the formation of a national committee to combat terrorism responsible, among other things, for developing the procedures and measures required to implement the UNSCRs under Chapter VII of the United Nations Charter about the targeted financial sanctions including the prevention and combating terrorism and financing terrorism and prevention, suppression and combating proliferation and financing of proliferation. Article 11 of the Decree No. 199-2019 issued on 15 November 2019 provides for the formation of the National Committee for Combating Terrorism and that the Committee may, in order to meet the international commitments of Mauritania, take decision to freeze the assets of persons, groups or entities if proven to the Committee or to the UN committees and entities that they are related to terrorist crimes or financing of proliferation, and to prevent making available any funds, assets, economic resources, financial services or otherwise to such persons, groups or entities. Article 16 of Decree No. 199-2019 of November 15, 2019 provides the following: "Those concerned with implementation, (including every individual or entity or authority existing on the Mauritanian territories without explicitly including VASPs) and without prior notice, must freeze the funds and other assets belonging to specific persons or entities .... within 8 hours of publication), and the state reported that those concerned with implementation must subscribe to the UN Security Council RSS Feeds service, through which a notice is sent to the subscribers of the service via e-mail whenever the international lists are updated, whether by deletion, addition or amendment to the lists.

165. Mauritania assigned and formed the competent authority responsible for implementing the UNSCRs i.e. The National Committee for Combating Terrorism, with all legal powers to execute TFS. Also, Mauritania assigned the competent authority responsible for execution according to the Article 48 of the AML/CFT Law No. 017-2019. Moreover, Article 9 of the Decree No. 199-2019 issued on 15 November 2019 on formation and regulation of the National Committee for Combating Terrorism, states that the National Committee for Combating Terrorism is responsible for forming and managing the local lists, to add to its website a guidelines about publishing any listing, amending or delisting of the UN lists or local lists on the website of the National Committee for Combating Terrorism and to inform the FIs and DNFBPs about such publication within 16 hours after the listing, amending or delisting decision, among other procedures.

166. According to, Article No. 18 of Decree No. 199-2019 "Those concerned (excluding VASPs), and subject to the penalties stipulated for in the AML/CFT Law, shall refrain from making any assets or funds, other assets, economic resources, financial services, or other related services, available directly or indirectly, for the benefit of the listed persons or entities, wholly or jointly with others, or for the benefit of the entities owned or controlled by the persons or designated persons directly or indirectly or in favor of any person or entity acting on their behalf or acting at their direction, unless a license, permit or notification has been issued by the National Anti-Terrorism Committee in accordance with the decisions of the competent UN body.

167. According to AML/CFT Law No. 017-2019 requiring the FIs and DNFBPs to monitor such entities and ensure their compliance with relevant facts. To that end, the Article 44 of the Law is specified for the supervisory authorities to impose sanctions against such entities in case of non-compliance.

168. The National Committee for Combating Terrorism took procedures to submit requests for de-listing of designated persons and unfreezing of funds or other assets of persons or entities, when such persons or entities do not meet, or no longer meet, the designation Criterion as stipulated for in Articles 25, 26 and 27 of Law No. 199-2019. The execution mechanism adopted by the National Committee for Combating Terrorism included that the freezing procedure taken under UNSCR 1737 and confirmed by UNSCR 2231 or taken under UNSCR 2231 must not deprive the designated person or entity their entitlement to receive any payments under a contract signed by such person or entity before designation, provided that such funds are not related to any items, materials, equipment, goods, technologies, assistance, training, financial aid, investment, brokerage or prohibited services indicated in the UNSCR 2231 and subsequent resolutions.

169. **Conclusion**: The Article 48 of AML/CFT Law No. 017-2019 states to form the National Committee for Combating Terrorism responsible for, among other things, developing the procedures and measures

required to implement the UNSCRs under Chapter VII of the United Nations Charter about the targeted financial sanctions including the prevention and combating terrorism. Also, the National Committee for Combating Terrorism has the necessary legal powers to implement targeted financial sanctions, however, there is no measures issued by the FIs and DNFBPs supervisor, except those issued by the Central Bank to ensure their compliance to the relevant regulations, and there is a lack of information on whether concerned authorities provided clear guidance to FIs and other persons or entities, including DNFBPs, on their obligations in taking action under freezing mechanisms, adding that FIs and DNFBPs are not required, on their own motion, to initiate freezing measures, unless they receive a notification from the concerned authorities, knowing that the freezing measures are implemented within a maximum time frame of 24 hours.

170. Given the remaining shortcomings, which are considered to be minor, the level of Compliance achieved in relation to Recommendation 7 is "**Largely Compliant**".

- **Recommandation 15 (New technologies) (Non-Compliant):**

171. According to the MER, Mauritania and FIs did not identify ML/TF risks regarding the development of new technologies and professional practices. No text requires FIs to conduct a risk assessment before introducing or using products, practices or technologies or to take appropriate measures to manage and mitigate such risks.

172. To address the shortcomings, Article 1/6 of the Law No. 017-2019 issued on 20/02/2019 requires the FIs to identify, assess, document and continuously update ML/TF risks including risks related to new products and new technologies and professional practices before usage. Paragraph 4 of Article 2 in the Decree No. 197-2019 issued on 23/10/2019 implementing the AML/CFT Law indicates that the FIs should identify the ML/TF risks which may arise from developing new products or professional practices or new methods to provide services, products or operation, or arise from using new or under-development technologies. Also, the risks should be assessed before introducing the new products or professional practices or before using new or under-development technologies and shall have to take appropriate measure to manage and mitigate the identified risks. Mauritania also identified and assessed financial inclusion operations of smaller funding institutions and MobiCash since it is considered as new technology, and the assessment carried out with the support of the World Bank covered all the developing technologies used in Mauritania.

173. **Conclusion:** Mauritania exerted efforts to address the shortcomings through the Law 017-2019 and Decree No. 197-2019 implementing the AML/CFT Law and identified and assessed financial inclusion operations of smaller funding institutions and MobiCash since it is considered as new technology. On the other hand, there is no indication that Mauritania decided to prohibit virtual assets[2] and the country provided nothing about the procedures taken in regard to requirements of recommendation 3.11 related to virtual assets and virtual asset service providers, which affects the rating of the recommendation because of its relative weighting.

174. According to the above, and since the shortcomings are moderate, the level of compliance achieved for R. 15 is "**Partially Compliant**".

- **Recommendation 18 (Internal Controls and Foreign Branches and Subsidiaries) (Partially Compliant):**

175. It turned out that there are no applicable procedures in case the minimum requirements of AML/CFT in the host country are less strict than those of the home country to the extent that host country laws and regulations permit. Also, there are no orders requiring financial groups to apply appropriate additional measures to manage the money laundering and terrorist financing risks, and inform their home supervisors if the host country does not permit the proper implementation of the AML/CFT measures in line with the

[2] According to the instructions issued by the CBM in September 2020 (after the date of submitting the re-rating request), all FIs are prohibited from dealing in VAs or carrying out any activities or services related to them or with VASPs, whether for the account of the FIs or for the account of others. It is also prohibited for all natural or legal persons in Mauritania to deal or carry out any activities or services related to VAs or VASPs.

home procedures.

176. To address the shortcomings, Mauritania, through Article 17 of Central Bank Instructions about the operations continuous supervision, determined that "the FIs should implement AML/CFT programs, taking into account the ML/TF risks and size of business including many policies, controls and procedures.

177. Article 21 of the Order No. 06-2019 on the AML/CFT supervision control (over all FIs except insurance companies) and Article 16 of Order No. 07-2019 on AML/CFT instructions for insurance, reinsurance and brokers companies issued by the Mauritanian Central Bank state that: If the FI/company was within financial group, it should: "apply AML/CFT programs to all members of financial group as well as all internal policies, controls and procedures to all branches and subsidiaries in which it controls or owns the majority of its shares and to make sure the effective application thereof, taking into consideration the contents of this Order in regards to the ML/TF risks and size of business".

178. The Article 21 states that in case the FI is within a financial group, it should: Paragraph 4 of Article 21 of the Order No. 06-2019 on the AML/CFT supervision control (over all FIs except insurance companies) and Paragraph 4 Article 16 of Order No. 07-2019 on AML/CFT instructions for insurance, reinsurance and brokers companies state that: "In case the AML/CFT requirements in a foreign country is less strict than those applicable by the AML/CFT Law No. 017-2019, this Order and other implementing decrees, then the FI should ensure that its branches and subsidiaries which it controls or owns the majority of its shares are applying the requirements of the AML/CFT Law No. 017-2019 and this Order. If the foreign country does not permit the application of such requirements, the FI should inform the Central Bank and take the additional measures to appropriately manage and mitigate ML/TF risks related to its external operations. The FI should comply with any instructions received from the Central Bank in this regard.

179. **Conclusion:** Upon analyzing, it is evident that Mauritania satisfies all the requirements of R. 18.

180. Given the absence of shortcomings, the level of compliance achieved in relation to R. 18 is "**Compliant**".

- Recommendation 21 (Tipping-off and Confidentiality) (Partially Compliant):

181. According to the MER, The AML/CFT law No. 48-2005 provides a protection from criminal and civil liability for the employees of the FIs which are bound to the said law, which requires such employees to refrain from making any disclosure; however, the FIs, being legal persons, do not have the same protection nor the obligation imposed on their employees.

182. To address the shortcomings, the Article 17 of AML/CFT Law No. 017-2019 states that: FIs, DFNBPs and NPOs, and their board members, directors and employees, shall not be liable for disclosing the banking or professional secrets, or be subjected to any civil or criminal liability or to professional or administrative sanctions if they report their suspicions in good faith according to this Law". This legal text covers an important part of the requirements, however, there is no indication to provision of protection as required by the Criterion even if they did not know precisely what the underlying criminal activity was, and regardless of whether illegal activity actually occurred.

183. Moreover, Article 16 of AML/CFT Law No. 017-2019 states that: "FIs, DNFBPs and NPOs, and their board members, directors and employees shall be prohibited to disclose or tip off the client or any other person about any of the procedures related to the suspicious transactions provided or to be provided to the FIU as well as any procedure taken in regards to such transactions. The competent authorities should comply to the confidentiality of collected information about the suspicious transactions or crimes mentioned in this Law and not to disclose the same except to the extent necessary to be used in applying the provisions of this Law". Regarding the shortcomings related to the Recommendation that the requirement of confidentiality of reporting and not to tip off must not prevent exchanging information, the same was met in the Item 3 of Article 10 of the Decree No. 197-2019 (that the policy applied within the financial group should contain exchanging information between the group members and providing data about clients, accounts and transactions for compliance and revision functions and AML/CFT on the group level as well as maintaining the confidentiality and usage of exchanged information.

184. **Conclusion:** Upon analyzing, it is clear that Mauritania satisfies the requirements of Recommendation

21 to a large extent, especially after the legislative amendments to the AML/CFT Law No. 017-2019. However, Mauritania still has to satisfy the requirements of Criterion 21.1 regarding the provision of protection even when the underlying criminal activity was not precisely known, and regardless of whether illegal activity actually occurred. Therefore, the rating of this Recommendation is raised to "Largely Compliant".

185. According to the above, and since the shortcomings are Minor, the level of compliance achieved for R. 21 is "**Largely Compliant**".

- **Recommendation 25 (Transparency and Beneficial Ownership of Legal Arrangements) (Non-Compliant):**

186. According to the MER, there is no legal frame for the Mauritanian authorities in terms of transparency and beneficial ownership of legal arrangements and their non-compliance with the requirements of R. 25.

187. In order to address the shortcomings, the Law No. 017-2019 states that the legal persons and arrangements should maintain information and data and provide the same upon request. And the competent authorities should maintain and disclose data and information about legal persons and arrangements and beneficial owners. The Implementing Decree No. 197-2019 states that the trustees of the legal arrangements should maintain beneficial ownership information which must include the identification of trustees, testators or holders of similar positions and beneficiaries and any natural person having ultimate and actual control over the legal arrangements. Also, the trustees of the legal arrangements should maintain the basic information about the supervised brokers and service providers including investments consultants, managers, accountants and tax advisors, and the representatives of legal arrangements should maintain such information for at least 10 years after their dealings with the legal arrangement come to an end. The maintenance of such information as stipulated in this Article should be in accurate and updated manner right away.

188. The Article 18 of the same Decree allows the competent authorities to request and obtain information kept with the trustees without delay. This includes the beneficial owner of the legal arrangements, domicile of the trustee and the funds kept or managed by the FIs or DNFBPs about any trustee with whom they have a business relation or conducting occasional transaction therefor, and to make their basic information available to the public. The competent authority should exchange information quickly with the counterpart foreign authorities regarding the basic and beneficial information about the legal persons including making available such basic and beneficial information collected by the Country and were not provided when needed and at the required time and to exchange the information about owners/shareholders. As well as using powers of inquiry and investigation to obtain beneficial information on behalf of counterpart foreign authorities. On the other hand, there exists in Mauritania endowment institutions (Waqfs) with charitable and social goals, where endowments are considered legal arrangements since they have a Trustee, Waqf property (the property being endowed), beneficiary and director/manager of the Waqf, and their activities are concentrated in mosques and cemeteries, supporting those in need, and spreading Sharia sciences through the National Endowment Foundation, same as other member countries and Maurtiania has established controls that govern all forms of legal arrangements that have been defined in accordance with FATF standards.

189. **Conclusion:** Upon analyzing R. 25, it is clear that Mauritania satisfies some of the requirements after issuing the Implementing Decree No. 197-2019, and they still have to address the shortcomings of requesting the trustees to maintain information about the identification of the trustee and testator (not either one) (Criterion 25.1 a) and require them to disclose their positions to DNFBPs when conducting a business relation or occasional transaction exceeding certain degree (Criterion 25.3) and to hold the trustees accountable in case of not executing any task in relation to their obligations, and to make sure that the existed sanctions are proportionate and dissuasive if non-compliant (Criterion 25.7) and to make sure that there are sanctions for not providing the competent authorities the access to the information of trust funds (Criterion 25.8).

190. According to the above, and since the shortcomings are moderate, the level of compliance achieved for R.25 is "**Largely Compliant**".

THIRD: Conclusions:

191. After analyzing the information submitted by Mauritanian authorities and which is enclosed with its request for re-rating 32 Recommendations rated "Partially Compliant" and "Non-Compliant" in the MER, the reviewers team concluded the following:

A. Recommendations requested for Re-rating:

- To upgrade the rating from "**Partially Compliant**" to "**Compliant**" for Recommendations (**12**, 17, 20, 22, 27**,31 and 35**).
- To upgrade the rating from "**Partially Compliant**" to "**Largely Compliant**" for Recommendations (4, 6, 14,16 ,23, 30, **32**, 34, 39 and 40).
- To upgrade the rating from "**Non- Compliant**" to "**Compliant**" for Recommendations (10 and 19).
- To upgrade the rating from "**Non-Compliant**" to "**Largely Compliant**" for Recommendations (**1 and 38**).
- To upgrade the rating from "**Non-Compliant**" to "**Partially Compliant**" for Recommendations (8, 24 and 28).

B. Recommendations in which the rating have been maintained:

- **To maintain the rating of "Partially Compliant" for recommendation (26).**

C. Recommendations that were amended after the onsite visit:

- To upgrade the rating from "**Partially Compliant**" to "**Largely Compliant**" for Recommendation 21.
- To upgrade the rating from "**Non-Compliant**" to "**Partially Compliant**" for Recommendations (**2** and15).
- To upgrade the rating from "**Non-Compliant**" to "**Compliant**" for Recommendation (**5 and**18).
- To upgrade the rating from "**Non-Compliant**" to "**Largely Compliant**" for Recommendation (7 and 25).

192. Compliance ratings after re-rating can be summarized as follow:

Table (2): Re-rating of the Technical Compliance ratings

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

*Note: There are four Possible ratings for Technical Compliance (Compliant, Largely Compliant, Partially Compliant, Non-Compliant)

193. Mauritania achieved "Compliant" in (**11**) Recommendations, "Largely Compliant" in (**21**) Recommendations and "Partially Compliant" in (**8**) Recommendations. Upon analyzing the 2nd TC Re-Rating Request and according to the MENAFATF procedures, Mauritania remains under the enhanced follow-up process, and shall submit its 3rd Enhanced FUR at the 33rd Plenary Meeting in **November** .2021