

Mutual Evaluation Report 3rd Follow-Up Report for Republic of Sudan

Anti-Money Laundering and
Combating the Financing of Terrorism

April 2016

Republic of Sudan

This report provides an overview of the measures that Sudan has taken to address the major deficiencies relating to Recommendations rated NC or PC since its last mutual evaluation. The progress shown indicates that sufficient action has been taken to address those major deficiencies, and in particular those related to R5, R13, R23, R26, R35, R40, SRI, SRII, SRIII, SRIV, and SRIX. It should be noted that the original rating does not take into account the subsequent progress made by Sudan.

The 3rd Follow-up Report for Sudan

Request to Move from Regular Follow-Up to Biennial Update

A. Introduction

1. The 16th Plenary Meeting adopted the mutual evaluation report (MER) of the Republic of Sudan (Sudan) on 28 November 2012. As a result, Sudan was placed under the regular follow-up process according to the paper on mutual evaluation process procedures. Sudan submitted a number of follow-up reports as follows: the 1st follow-up report in June 2014 and the 2nd follow-up report in April 2015. Sudan has expressed its hope that the 23rd Plenary Meeting examines its request to move from regular follow-up to biennial update.

2. This paper is based on the procedure for removal from the regular follow-up, as agreed by the 12th Plenary Meeting in November 2010 and the amendments on the procedures adopted in the e-Plenary Meeting (August - September 2013). The paper contains a detailed description and analysis of the measures taken by Sudan with respect to the core¹ and key² recommendations rated Non-Compliant (NC) and Partially Compliant (PC) in the abovementioned MER. It also contains a description and analysis of the other recommendations rated PC or NC. In Annex 1, we are including a list of the major laws and documents related to the AML/CFT system in Sudan.

3. The procedure requires that the Plenary Meeting considers the removal of the country from the regular follow-up if it has, in the opinion of the Plenary Meeting, an effective AML/CFT system in force, under which the country has implemented the core and key recommendations at the level essentially equivalent to a C (Compliant) or LC (Largely Compliant) taking into consideration that there would be no re-rating.

4. Sudan was rated PC and NC on a total of 44 recommendations:

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| Core Recommendations rated PC or NC |
| R1, R5, R13, SRII, SRIV |
| Key Recommendations rated PC or NC |
| R3, R23, R26, R35, R36, R40, SRI, SRIII, SRV |
| Other Recommendations rated PC |
| R2, R7, R9, R15, R17, R20, R24, R27, R28, R29, R30, R31, R32, R37, R38, R39, SRVI, SRVII, SRVIII |
| Other Recommendations rated NC |
| R6, R8, R11, R12, R16, R19, R21, R22, R25, R33, SRIX |

5. As prescribed by the procedures of exiting the regular follow-up, Sudan provided the Secretariat with a full report on its progress as of adopting the MER. Accordingly, the Secretariat drafted a detailed analysis of the progress made by Sudan for the core and key recommendations rated NC or PC, As well as an analysis of the other Recommendations rated NC or PC. The Secretariat provided its report to the Sudanese Authorities accompanied

¹ The Core Recommendations according to FATF classification are: R1, R5, R10, R13, SRII, and SRIV.

² The Key Recommendations according to FATF classification are: R3, R4, R23, R26, R35, R36, R40, SRI, SRIII, and SRV.

with a number of enquiries and requests. Sudan has provided the Secretariat with all the documents and information requested during this process, and some comments provided by Sudan were taken into consideration.

6. As a general note on all requests for removal from regular follow-up: This procedure has a paper based desk nature, and it is less detailed and thorough than a mutual evaluation report. The analysis focuses on the recommendations that were rated NC or PC, which means that only a part of the AML/CFT system is reviewed. Such analysis essentially consists of looking into the main laws, regulations and other material to verify the technical compliance of domestic legislation with the FATF standards. In assessing whether sufficient progress had been made, effectiveness is taken into account to the extent possible in a paper based desk review and primarily through a consideration of data provided by the country. Any conclusions in this report do not prejudge the results of the future assessments, as they are based on information which was not verified through an on-site process and was not as comprehensive as would exist during a mutual evaluation.

B. Main Conclusion and Recommendations to the Plenary Meeting

Core Recommendations

7. **R5 (Customer Due Diligence):** Sudan addressed the deficiencies pertaining to this recommendation through the key obligations related to the CDD measures that were imposed in AML/CFT Law. It includes obligating FIs to deal with anonymous customers or with customers in fictitious or shell names and obligating FIs to identify and evaluate risks, as well as taking risk assessments conducted by such institutions in consideration when undertaking CDD measures. The law also includes obligating FIs to verify the identity of customers using reliable and independent documents, data, or information. This includes all natural and legal customers and the persons acting on their behalf, understanding the structure of ownership and control over the customers, understanding the purpose and nature of the business relationship, conducting ongoing monitoring of business relationships, and examining the transactions carried out by customers.

8. The law also included the cases in which CDD measures should be taken; providing for the CDD measures required to be taken for natural and legal persons, identifying the definition of beneficial owner; requiring institutions to identify and verify beneficial owners, obligating FIs to evaluate risks; taking enhanced diligence measures for categories of high-risk customer, business relationships, or transactions; whether it may be possible to apply reduced CDD measures when risks are low, except when suspecting ML/FT transactions. In addition, the law stipulated that the implementation of CDD measures may be postponed in accordance with the controls defined by the supervisory entities. It also includes: prompting the FIs to refrain from opening an account, establishing a business relationship, conducting a transaction, or ending the relationship when CDD measures could not be implemented; considering submitting a STR to the FIU; subjecting the current business relationships and accounts to CDD measures within a suitable period; and carrying out a periodic evaluation to examine the validity and update the obtained data, information, and documents.

9. **R13 and SRIV (Reporting Suspicious Transactions):** Sudan addressed the deficiencies pertaining to this recommendation through obligating FIs to report to the FIU when suspecting, or having sufficient evidence to suspect, that the funds of conducted transactions are connected to funds yielded from or connected or associated with a crime that

can be used in the commission of ML/FT, including attempts to conduct transactions suspected to be proceeds of a predicate offense, regardless of their value and without delay.

10. **SRII (Criminalizing Terrorist Financing):** Sudan addressed the deficiencies pertaining to this recommendation as FT was criminalized by virtue of this law. Criminalizing FT by the law is, to a large extent, consistent with the Convention for the Suppression of the Financing of Terrorism as it includes forms of providing or collecting funds, whether directly or indirectly, from legal or illegal sources with the intention of using them, completely or partially, in committing a terrorist act or financing terrorist organizations or terrorists. It also includes a definition of the terrorist act, the terrorist, and the terrorist organization, in addition to imposing sanctions for FT crimes.

11. As a general result, it can be said that the level of compliance of Sudan in these recommendations can be rated as equivalent to LC.

Key Recommendations

12. **R23 (Supervision, Regulation and Monitoring):** Sudan addressed a significant part of deficiencies pertaining to this recommendation through setting a regulatory and legal basis for monitoring the FIs sector operating in Sudan. The Central Bank of Sudan, Khartoum Stock Exchange (KSE), and Insurance Supervisory Authority (ISA) implement their monitoring obligations by virtue of Articles 4 and 44 of the AML/CFT Law of 2014 and Article 8-2 of the Law on the Regulation of Banking Activity for 2004. This is to ensure the compliance of the entities subject to their monitoring with the AML/CFT requirements; grant the monitoring entities the authority to impose measures for preventing criminals and their associates from holding or being the beneficial owner of a significant or controlling interest in FIs; grant the monitoring entities the authority to impose the implementation of "fit and proper" criteria on managers and senior management in FIs; and increase the technical and human resources that were determined by the AML/CFT Law in the monitoring entities. In addition, some supervisory and monitoring entities issued measures for "fit and proper" criteria and standards related to the experience and integrity of the members of the board of directors, executive board, the board of the supervisory directors, and the managers of FIs through enhancing on-site and offsite inspection, and training the supervisory entities employees. However, there is still a need for the monitoring entity to issue measures to prevent criminals and their associates from owning or controlling interest in insurance companies.

13. **R26 (FIU):** Sudan addressed the deficiencies pertaining to this recommendation through establishing the Sudanese FIU. The authorities granted to the FIU include: receiving, analyzing and submitting STRs; requesting additional information from the reporting entities; and providing guidance to the reporting entities with regards to submitting the STRs to FIU. The FIU is granted full independence with regards to making decisions for directing suspicious transactions. This is in addition to allocating an independent budget for the Unit, relocating into a new headquarters that is equipped with modern technology systems, and starting with the operational aspects of the Unit.

14. **R35 (Agreements):** Sudan addressed the deficiencies pertaining to this recommendation through ratifying the Convention of the Suppression of the Financing of Terrorism and criminalizing FT and migrant smuggling. In addition, other measures were taken for the purpose of implementing Palermo and Vienna Conventions.

15. **R40 (Other Forms of International Co-operation):** Sudan addressed a number of deficiencies pertaining to this recommendation through the authority of monitoring entities to exchange information and cooperate with other international entities in the AML/CFT field. In addition, there are no restrictive conditions on exchanging information with the foreign counterpart entities.

16. **SRI (Implementing UN Instruments):** Sudan addressed the deficiencies pertaining to this recommendation and the implementation of UN instruments, through taking the necessary measures to implement the obligations included in the International Convention for the Suppression of the Financing of Terrorism; implement UNSCRs 1267 of 1999 and 1373 of 2001 and subsequent resolutions; and issue executive measures to implement these resolutions.

17. **SRIII: (Freezing and Confiscating Terrorist Funds):** Sudan addressed the deficiencies pertaining to freezing and confiscating terrorist funds were addressed through defining an entity to freeze terrorist assets according to the UNSCRs. The Council of Ministers issued the necessary decisions to implement UNSCRs by virtue of Chapter VII of the UN charter related to terrorism and financing terrorism. In addition, a technical committee, based in the Ministry of Justice, was formed to implement the UNSCRs 1267 and 1373 and other related resolutions.

18. **SRV: (International Co-operation):** Sudan addressed the deficiencies pertaining to the international cooperation in the AML/CFT field, as the amended law included provisions on dealing with the requests of MLA and criminal extradition. With regards to implementation, the Minister of Justice issued regulations for the international cooperation procedures, which came into force as of the date of signature on 21 December 2014. The regulations include determining the tasks and responsibilities commissioned to all the related monitoring and competent entities.

19. As a general result, it can be said that the level of compliance of Sudan in these recommendations can be rated as equivalent to LC.

Other Recommendations

20. Sudan addressed the deficiencies pertaining to the other recommendations. It is noteworthy that making the decision for the removal of Sudan from the follow-up process is primarily based on the core and key recommendations. This report does not provide a detailed analysis with regard to other recommendations.

Conclusion

21. The follow-up procedures indicate that, for Sudan to have taken sufficient action to be considered for removal from the process, Sudan must have an effective AML/CFT system in force, under which it has implemented the core and key recommendations at a level essentially equivalent to C or LC, taking into account that there would be no re-rating. The

Plenary does, however, retain some flexibility with regards to the key recommendations if substantial progress has also been made on the overall set of recommendations that have been rated PC or NC.

22. With regards to core recommendations, it can be said that the level of compliance of Sudan on these recommendations can be rated at a level equivalent to LC, at a minimum.

23. With regards to key recommendations, it can be said that the level of compliance of Sudan on most of these recommendations can be rated at a level equivalent to LC at a minimum. Sudan addressed most of the deficiencies defined in the MER. However, the ISA still needs to issue measures to prevent criminals or their associates from holding significant or controlling interest, in addition to preventing them from holding a management function in insurance companies.

24. With regards to other recommendations where Sudan was rated NC or PC, it can be said that the level of compliance of Sudan on these recommendations in general is equivalent to a level of "LC" at a minimum.

25. With regards to effectiveness, the AML/CFT legal framework is considered relatively new since most legal instruments were issued during the past few years, despite the fact that the legal framework has gone through several developmental stages since 2004. The Sudanese authorities aim at enhancing the effectiveness of complying with all the provisions through awareness programs for the employees in government entities concerned with combating and the employees in financial and non-financial institutions. This is shown in the data enclosed on training programs.

26. The statistics provided by the authorities show that Sudan has issued a conviction on a case of false disclosure to the customs pursuant to Article 31 and paragraph 4 of Article 38 of the AML/CFT Law of 2014. However, Sudan has not issued any convictions concerned with ML/FT crimes yet.

27. The Sudanese FIU received 203 reports on AML/CFT cases from 2013 till 2015 as follows: 21 reports in 2013, 81 reports in 2014, and 101 reports in 2015. After analysis, the FIU referred 75 cases of them to the Public Prosecution. Noting that, most of the reports were submitted by the banking sector to the FIU. However, there is a constant need for more effective reporting and for addressing such reports by the relevant authorities, especially in the light of the recent reporting requirements. It is noted that a number of reports have not been addressed which casts burden on the authorities to support the FIU resources; hence, helping in performing its work more effectively during the next phase.

28. With regards to the efficiency of the monitoring entities on financial and non-financial institutions, it can be said that Sudan has taken some steps to enhance and conduct the level of monitoring for FIs. This is in terms of the number of inspection missions to the banking sector, insurance companies, exchange companies and securities sector. In addition, Sudan has taken steps to enhance the monitoring level on non-financial institutions.

29. Thus, there is a lot of evidence on the effectiveness of the system with regards to AML/CFT, especially with the existence of a comprehensive legal framework and sufficient and comprehensive statistics on AML/CFT factors; particularly with regards to the measures taken by the supervisory and monitoring entities, law enforcement authorities, and supervision of cross-border transfer of currencies.

30. As a result, since the level of compliance of Sudan on the core recommendations is rated at a level equal to LC at a minimum and the level of compliance on key recommendations is rated at a level equal to LC at a minimum. The Plenary Meeting may consider approving Sudan's request to move from regular follow-up to biennial update while urging the authorities to complete the remaining requirement with regards to R23.

C. Overview of the Republic of Sudan

Overview of the Main Changes since the Adoption of MER

31. Since the adoption of MER, Sudan has made efforts to implement the action plan developed to complete the requirements to comply with the AML/CFT international standards. Sudan adopted the AML/CFT Law for 2014, in addition to passing the law on combating human trafficking in March 2014. The Governor of the Central Bank issued Decision No. 40/2013 on the establishment of the FIU, which revoked the previous Administrative Decision No. 2/2010 on the FIU. In addition, the Central Bank issued Circular No. 8/2014 dated 9 September 2014, which includes regulatory and monitoring measures for FIs subject to the regulation of the Central Bank of Sudan with regards to AML/CFT. This Circular revoked Circular No. 2/2014 on AML/CFT. Moreover, the Insurance Authority issued an AML/CFT regulation for 2015, and the Board of Directors of KSE issued AML/CFT regulation for companies operating in the securities sector (KSE regulation) for 2015.

Legal and Regulatory Framework

32. The legal framework of the AML/CFT system in Sudan is based on the AML/CFT Law of 2014, which was approved by the National Council on 18 June 2014 and signed by the President of the Republic on 19 June 2014. This law, issued for the purpose of addressing deficiencies defined in the MER, revoked the AML/CFT Law of 2010. However, all regulations and procedures issued by virtue of this law remain in effect until they are revoked or adjusted by virtue of the provisions of this law. The Law caused some amendments on the legal level in Sudan regarding the expansion of predicate offence scope of ML crimes through adopting a comprehensive approach in defining predicate offences, criminalizing FT, and identifying key obligations of CDD measures to include the financial and non-financial institutions³. This is in addition to determining the supervisory and monitoring entities which ensure the compliance of the persons subject to them with the requirements of law implementation. The entities also submit reports (STRs) to the Sudanese FIU when

³The AML/CFT Law of 2014 stated the term non-financial institutions to point out DNFBPs. This includes: - lawyers, accountants, dealers in precious metals and dealers in precious stones, real estate agents, companies establishing and managing services with associated activities, and any other activity conducted by any other institution for which the Minister issues a decision to make it subject to the provisions of the law.

suspecting ML/FT crimes. This is as well as determining the authority to issue procedures and mechanisms for the implementation of UNSCRs No. 1267 and 1373. On the other hand, the law caused some modifications on the FIU level in terms of establishing it independently and granting it the necessary authorities as the sole national center for receiving, analyzing, directing, and referring such STRs. The FIU was formed by virtue of the Governor of the Central Bank's Decision No. 40/2013. The FIU recently received and analyzed the reports and referred them to the competent authorities. In addition, the FIU issued reporting guidelines for the FIs, banks, and the other reporting entities.

33. In addition to the aforementioned, The Council of Ministers in Sudan issued Decision No. 358 dated September 15, 2014, which includes implementing UNSCRs 1267, 1988, and 1989 of 1999. In addition, the Council of Ministers issued Decision No. 359 dated September 15, 2014, which includes implementing UNSCR 1373 and Decision No. 360 dated September 15, 2014, which includes forming a technical committee to implement UNSCRs 1267, 1988, 1989, and 1373. Moreover, the Minister of Finance issued Decision No. 80/2014 dated 31 October 2014, which includes defining the supervisory and monitoring entities for DNFbps. The Minister of Justice also issued rules for procedures of international cooperation dated December 20, 2014.

34. In addition, the Head of Customs Authority Issued the regulation of the disclosure of currencies, bearer negotiable and financial instruments transported across border dated 24 February 2015. Moreover, the Minister of Justice issued an order to form AML/CFT prosecution on 14 April 2014. The Governor of the Central Bank issued the Administrative Decision No. 4/2015 dated 23 February 2015 to appoint the Head of FIU.

35. Furthermore, the national committee issued a list of the conditions of employee service at the FIU dated October 14, 2014. It also approved the FIU budget for the first half of 2014 and 2015. In addition, the FIU issued several operational regulations, as it issued the FIU work procedures guide and the FIU operational forms. Furthermore, the FIU permitted the organizational structure and issued a biannual report. This is in addition to supporting the FIU with financial and human resources, updating the Information security policy and updating the guidelines issued to the reporting entities.

36. In order to activate the coordination frameworks between the competent authorities, the FIU signed 5 MOUs with the competent authorities. With regards to increasing the level of international cooperation, the FIU signed 9 MOUs with foreign counterpart entities. In addition, the Sudanese Customs Authority signed 3 MOUs with foreign counterpart entities.

D. Review of the Measures Taken in Relation to Core Recommendations

R1: Rating: (PC):

Deficiency 1: Inadequate criminalization of money laundering based on Vienna and Palermo conventions:

37. Article 35 of the AML/CFT Law of 2014 provided for criminalizing ML according to the requirements of Vienna and Palermo Conventions and including the required criminalizing ML forms such as concealment or disguise of the true nature of the properties, source, location, disposition, movement, or rights related to funds. The legal provision was issued according to the stipulation of the two Conventions of ML forms without linking them

to a certain technique, but linking them to the actions of transferring or moving properties for a special purpose, namely concealing or disguising the source or helping someone to evade the legal consequences of committing predicate offenses. Such issues were addressed by the Sudanese Law. Hence, the definition was consistent with Vienna and Palermo Conventions as it included all forms of money laundering.

Deficiency 2: Not verifying that the documents include electronic and digital ones:

38. Article 3 of the AML/CFT Law of 2014 included the electronic and digital documents within the definition of funds. Funds are defined as financial and non-financial assets; all types of properties, whether tangible or intangible, movable or immovable, regardless of the way in which they are obtained; and legal documents, regardless of their form including electronic and digital forms, which prove a right or benefit in this asset. Legal documents include bank credits, traveler's checks, bank checks, payment orders, stocks, securities, bonds, bills, and letters of credit; and any profits or revenues derived from these funds or other assets. Thus, Sudan has fully addressed the deficiency pertaining to this recommendation.

Deficiency 3: Predicate offences do not include all twenty offences defined by the FATF:

39. Article 3 of AML/CFT Law stipulated the definition of predicate offenses to include any act that represents a crime by virtue of any Law in force in Sudan, or any act committed outside Sudan if it constitutes a crime according to the laws of the country where it was committed and constitutes a crime in Sudan as well. This included fraud, illicit trafficking in narcotic drugs and psychotropic substances, forgery, extortion, robbery, theft, illicit trafficking in stolen and other goods, counterfeiting and piracy of products, smuggling, sexual exploitation, environmental crimes, tax evasion, sale and trade of monuments, market manipulation and insider trading. Thus, Sudan has adopted a comprehensive approach in defining predicate offenses. The following table shows the extended scope of predicate offenses in Sudanese laws for the 20 designated categories according to the assessment methodology. All the 20 categories shall be criminalized:

Table 1: the Scope of Predicate Offences in the Sudanese laws for the 20 Designated Categories according to the Assessment Methodology

| Category | Legislative Tool | Legal Articles Criminalizing the Act(s) |
|---|---|---|
| Participation in an organized criminal group and extortion of funds | Criminal Law of 1991 | Article 65 of the Criminal Law Article 176 of the Criminal Law |
| Terrorism, including terrorist financing | Anti Terrorism Act of 2001 AML/CFT Law of 2014 | Articles 5 to 12 of the Anti Terrorism Act of 2001 Article 33/2 of the AML/CFT Law |
| Trafficking in human beings and migrant smuggling | The Law on Combating Human Trafficking of 2014 Passports and Immigration Law of 1994 | Articles 7 /9/ 24 of the Law of Combating Human Trafficking Article 9 for criminalizing migrant smuggling associated with the Penal Article 29/2 and Article 30 of the Passports and Immigration Law |

| | | |
|---|---|---|
| Sexual exploitation, including sexual exploitation of children | Child Act of 2010 Criminal Law of 1991 | Article 45 of criminalization of sexual exploitation of children without coercion Articles 154, 155, and 156 of the Criminal Law |
| Illicit trafficking in narcotic drugs and psychotropic substances | Narcotic Drugs and Psychotropic Substances Act of 1994 | Article 15 of the Narcotic Drugs and Psychotropic Substances Act |
| Illicit arms trafficking | Arms, Ammunition and Explosives Act of 1986 | Articles 18 and 19 of the Arms, Ammunition, and Explosives Act of 1986 |
| Illicit trafficking in stolen goods, and other goods | Criminal Law of 1991 Customs Act of 1986 Medicines and Poisons Act of 2009 Federal Agricultural Fertilizers Act of 2010 Arms, Ammunition and Explosives Act of 1986 | Article 181 of the Criminal Law Article 198/1 (b, c) of the Customs Act of 1986 Articles 15 and 16/1 of the Medicines and Poisons Act of 2009 Article 14 associated with Article 2 explaining trafficking from the Federal Agricultural Act of 2010 Articles 18 and 19 of the Arms, Ammunition, and Explosives Act of 1986 |
| Corruption and bribery | Sudan adopted the UNCAC in April, 2014. Criminal Law of 1991 Illicit and Suspicious Enrichment Act of 1989 The Law on Public Procurement and Disposal of Public Assets of 2010 | Article 88 of the law on criminalizing bribery, covered Articles 15, 16, 18, and 21 of the UNCAC. Also, Articles 177/1 and 2 in the Criminal Law cover the breach of trust by public employees Articles 17 and 22 of the UNCAC. Article 6 (b) of the Illicit and Suspicious Enrichment Act of 1989 Articles 15 and 16 of the Illicit and Suspicious Enrichment Act, which stipulates discharging the illicit enriched employees. Article 9 of the Illicit and Suspicious Enrichment Act requires government officials, starting with the President of the Republic reaching the public officials, to submit disclosure statements when taking the post, during the service, and at the end of service. |
| Fraud | Criminal Law of 1991 | Article 178 of the Criminal Law |
| Counterfeiting currency | Criminal Law of 1991 | Article 117 of the Criminal Law |
| Counterfeiting and piracy of products | Specifications and Standards Act of 2008 | Article 31 of the Specifications and Standards Act of 2008 |

| | | |
|--|--|---|
| Environmental crimes | Criminal Law of 1991 Anti Terrorism Act of 2001 Environment Protection Law of 2001 Environment Health Act of 2009 | Article 71 of the Criminal Law Article 12 of the Anti Terrorism Act of 2001 Article 20 of the Environment Protection Law Article 7 to 11 of the Environment Health Act |
| Murder and grievous bodily injury | Criminal Law of 1991 | Article 130, 131, 139, and 142 of the Criminal Law |
| Kidnapping, illegal restraint and hostage-taking | Criminal Law of 1991 | Articles 164 and 165 of the Criminal Law |
| Robbery or theft | Criminal Law of 1991 | Articles 167, 170, 171, 174 and 175 of the Criminal Law |
| Smuggling | Customs Act of 1986 | Articles 198 and 199 of the Customs Act |
| Extortion | Criminal Law of 1991 | Article 176 of the Criminal Law |
| Forgery | Criminal Law of 1991 | Article 123 of the Criminal Law |
| Piracy | Anti Terrorism Act of 2001 | Articles 7 to 10 of the Anti Terrorism Act of 2001 |
| Insider trading and market manipulation | KSE Act of 1991 | Article 73/2 of the KSE Act |

Deficiency 4: Requirement of conviction in predicate offense is not clear when proving that properties are crime proceeds:

40. Article 35/3 of the AML/CFT Law stipulates the non-requirement of conviction in predicate offense when proving that the properties are crime proceeds. Thus, Sudan fully addressed the deficiency pertaining to this part.

Deficiency 5: Absence of clear understanding at the competent authorities of how far ML crimes are associated with predicate offenses:

41. The Sudanese authorities stated the efforts made by the competent authorities with regards to training in order to raise their awareness and stimulate clear understanding of how ML crimes are associated with predicate offenses. Several training sessions were provided to the competent authorities in the AML/CFT field, which enhances the concept of separation between these crimes and predicate offenses. The training workshops included competent authorities such as: the Central Bank, ISA, KSE, the criminal investigation department, and Public Prosecution. Moreover, the authorities provided the following statistics that shows the awareness and training process conducted by the FIU in the AML/CFT field. This is in addition to the definition of laws including those concerned with ML/FT crimes for the period since the AML/CFT law of 2014 came into force:

Table 2: Competent Authorities Awareness of the New Law by the FIU

| Date | Target Entities | Discussed Worksheets and Requirements |
|-------------------|--|---|
| 10/7/2014 | The National Committee for AML/CFT | - Introducing the AML/CFT Law of 2014 - The authorities and functions of the National Committee according to the new law |
| 21/7/2014 | The monitoring and supervisory entities on FIs (the Central Bank of Sudan, KSE, and ISA) | - Introducing the general features of the law - Focus on Articles 4, 5, 6, 7, 8, 9, 10, 11, 23, 33, 34, 35, 36, 37, 38, and 41 |
| 29/7/2014 | Compliance officers in FIs (banks, currency exchange companies, financial brokerage companies, exchange companies, insurance companies, leasing companies, and Sudapost) | - Duties of compliance officers and imposed penalties by virtue of the AML/CFT Law of 2014 |
| 7/8/2014 | The Customs Authority | - Introducing the main features of the AML/CFT Law of 2014 - The powers of the Customs Authority by virtue of Article 44 of the law |
| 18/8/2014 | Law enforcement authorities (economic security, the criminal investigation department, and INTERPOL) | - Introducing the main features of the AML/CFT Law of 2014 - The role of law enforcement authorities by virtue of the law of 2014 |
| 4/9/2014 | Counselors and prosecutors | - Introducing the main features of the AML/CFT Law of 2014 - Introducing ML and FT crimes, and penalties and sanctions imposed by virtue of the law of 2014 |
| 11/9/2014 | The Registrar General of Companies | - Introducing the main features of the AML/CFT Law of 2014 |
| 7/10/2014 | Humanitarian and Voluntary Work Commission | - Introducing the main features of the AML/CFT Law of 2014 - The role of the Humanitarian and Voluntary Work Commission in ML/FT according to the FATF recommendations (SRVIII) |
| 22/10/2014 | The technical committee for implementing UNSCRs | - Introducing the main features of the AML/CFT Law of 2014 - The role of the technical committee in implementing UNSCRs and regulations concerned with implementing decisions |
| 13/11/2014 | The Ministry of Justice/The Ministry of Foreign Affairs | - Introducing the main features of the AML/CFT Law of 2014 - International cooperation according to the AML/CFT Law of 2014 - International cooperation according to FATF recommendations |

Deficiency 6: Absence of effectiveness of the old law of 2004 and the new law of 2010:

42. By issuing the new AML/CFT Law of 2014 and its entry into force in 19/6/2014, the provisions of law were put in force in several fields. This includes the monitoring and supervisory entities issuing the necessary regulations and circulars and conducting on-site and off-site inspections. Moreover, the FIU was restructured based on the new law with full operational and technical independency, exercised its competences, which are set out in the Law, and received a large number of suspicious cases from which a number will be referred to the Public Prosecution as per its decision. On the other hand, the National Committee was re-formed and it exercised its functions and powers. Moreover, the Decisions of the Council of Ministers No. 358, 359, and 360 were issued; and the Technical Committee exercised its functions and competences to implement them. In addition, the Minister of Justice issued the rules and procedures of international cooperation and they entered into force. Furthermore, the Minister of Finance issued Circulars No. 34/2014 and 80/2014 for the regulations of non-financial institutions. The authorities stated that all institutional structures concerned with AML/CFT are performing their work and required tasks in accordance with the law. This is considered as an indicator of the law effectiveness with regards to implementation in practice.

Deficiency 7: Existence of a large number of crimes with relation to funds without considering the possibility of laundering the proceeds of such crimes:

43. The Sudanese authorities stated their persistence in holding awareness and training workshops with regards to financial crimes and the resulting ML operations in order to develop the knowledge of the members of Public prosecution and other law enforcement authorities with regards to crimes committed to public funds and the possibility of laundering the proceeds of these crimes. Furthermore, the authorities reported holding coordination meetings among law enforcement authorities and Public Prosecution with the FIU in this regard. On the other hand, forming a prosecution specialized in AML/CFT was a major assistance in explaining the requirements of the AML/CFT Law and its relation to other predicate offenses. These efforts reflected in the shown increase of reports submitted to the FIU by the law enforcement entities. In addition, law enforcement entities conduct parallel financial investigations within the procedures of reporting predicate crimes. Moreover, the authorities provided the following statistics which shows the awareness and training process received by the Public Prosecution and different law enforcement in the AML/CFT field for the period since the AML/CFT Law of 2014 entered into force and until 2015:

Table 3: Sessions and Workshops in which the Criminal Investigation Department and Public Prosecution Participated

| Course | Period | Venue | No. of Participants |
|---|------------------------|---------------------------------------|---------------------|
| Investigating cybercrimes | 1-16/6/2014 | Police Academy | 5 |
| Information technology and cybercrimes | 29/6 to 20/7/2014 | Police Academy | 6 |
| International law for the protection of refugees | 2-15/11/2014 | Police Academy | 3 |
| Methods and techniques of drug trafficking | 26/10 to 2/11/2014 | Police Training Academy | 2 |
| Investigating radioactive contamination | 23-11 to 8/12/2014 | Police Training Academy | 4 |
| Developing abilities in combating human trafficking | 3-5/11/2014 | The Criminal Investigation Department | 27 |
| Money laundering and Financing Terrorism | 22 to 26 February 2015 | The Criminal Investigation Department | 26 |
| National Forum on AML/CFT – European Union | November 2015 | Khartoum | 15 |
| Investigating Terrorism Crimes | 6 to 17 December, 2015 | Khartoum | 13 |

Deficiency 8: Overlapping in the characterization of the proper law between the illicit and suspicious enrichment crime and the ML crime:

44. The Sudanese authorities pointed out holding two workshops to clarify the overlap in the characterization of the proper law between Illicit and Suspicious Enrichment Act of 1989 and the AML/CFT law of 2010. These 2 workshops were provided to a number of Public Prosecution and law enforcement employees with the aim of expanding the legal understanding of the overlap between the illicit and suspicious enrichment crime and ML offense according to Articles 148 (similar acts) and 149 (associated acts) of the Code of Criminal Procedures of 1991 which stipulate: “Both crimes are charged together and may be tried for the two crimes together, giving priority to the ML crime.”

R5: Rating (PC):

Deficiency 1: The application of AML/CFT law requirements on leasing companies and the financial services provided by SudaPost is not clear:

45. The Authorities stated that the Central Bank of Sudan conducted inspections on the FIs subject to its regulation to ensure the effective implementation of the AML/CFT Law of 2014 on leasing companies and financial services provided by Sudapost. The Authorities stated that the inspection conducted to financial service offices in 2013, which included inspecting nine financial offices, resulted in one non-compliant office and 7 partially compliant offices. Written warnings were signed for these offices, in addition to directly ordering them to abide by certain measures and imposing a fine on some of them. In 2014, the on-site inspection report stated the non-compliance of one office. The office received an order to abide by certain measures within a certain period, in addition to an imposed fine. On the other hand, the Central Bank of Sudan conducted an on-site inspection in 2015 on six financial service

offices where the offices were found to be compliant with the CDD measures, issued internal policies and regulations, and classified their customers based on the risks. In addition, the non-compliant companies were notified and received warnings with the aim of enhancing the compliance level.

46. Moreover, the Authorities stated that the inspection conducted by the Central Bank of Sudan on leasing companies in 2013, which included inspecting two companies, resulted in finding one company non-compliant while the other one was partially compliant. These companies were ordered to comply with certain measures and they received a final warning for compliance. This is in addition to warning them regarding the necessity of rectifying their stance and obligating them with submitting regular reports. The financial penalty was imposed on one company only. In 2014, the inspection on these companies found no violations. On the other hand, only one company was inspected during 2015.

Deficiency 2: Absence of explicit obligations imposed by law (primary or secondary legislation) to: regulate numbered accounts (either by allowing or preventing their existence) so that FIs are required to maintain them in such a way that full compliance with FATF recommendations is achieved.

47. Sudan addressed the deficiencies through item 5 of the Regulatory Controls issued by the Central Bank of Sudan (Circular No. 8/2014) Paragraph No. 23. The institutions were prohibited from opening or maintaining any numbered accounts for their customers, or dealing with any numbered accounts. With regards to other FIs (not subject to the regulation of the Central Bank of Sudan), they do not deal with numbered accounts as the nature of the business requires so. However, the ISA draft regulation in Article 26 obligated companies to refrain from dealing with anonymous customers or customers in fictitious names, or maintaining such transactions. In addition, Paragraph 27 of the AML/CFT regulation for companies operating in the insurance field and Paragraph 28 for those operating in the securities field prohibited these companies from dealing with anonymous customers or customers in fictitious names, or maintaining such transactions. This is in addition to prohibiting dealing with any customer that has been banned by the market.

Deficiency 3: Absence of explicit obligations imposed by law (primary or secondary legislation) on: FIs (other than the institutions subject to the Central Bank) that may conduct occasional transactions exceeding 15000 USD/Euro; this should also include (for all FIs) the cases where transactions are performed as one or multiple operations that appear to be connected.

48. Sudan addressed this deficiency through Chapter III of the AML/CFT Law of 2014 (financial and non-financial institutions). Financial and non-financial institutions were obligated to take CDD measures to identify the customers when performing an operation for an occasional customer, the value of which exceeds the threshold set by the regulations whether it was conducted as one or multiple transactions that seem to be connected. In addition, Chapter II of the KSE Regulation requires companies to implement CDD measures in accordance with procedures stipulated in the law and in this regulation, which include conducting an occasional transaction that exceeds the threshold (15000 USD/EURO). This also includes the cases where operations are performed as one or multiple transactions that seem to be connected. Furthermore, Chapter III of the ISA regulation, under Unusual Transactions, requires insurance companies to implement due diligence to all large, complex and unusual operations.

Deficiency 4: Absence of explicit obligations imposed by law (primary or secondary legislation) to: require FIs (other than those subject to the authority of the Central Bank) to identify and verify the identity of the client by using original documents, data, or information obtained from a reliable and independent source.

49. Sudan addressed this deficiency through Chapter III of the AML/CFT Law of 2014 (financial and non-financial institutions – CDD measures). The law obligated FIs to undertake CDD measures through identifying and verifying the customer using original documents, data, or information that are reliable and independent; and identify and verify the beneficial owner through taking reasonable measures. On the other hand, Chapter III of the AML/CFT regulation of 2015 for companies operating in the insurance field requires insurance companies to implement CDD measures by taking a number of measures that include identifying and verifying the customer using original documents, data, or information that are reliable from independent sources. This should be in accordance with what is stipulated in Articles 17, 18, and 19 of this regulation. Whereas, Chapter III of the KSE regulation of 2015 requires implementing due diligence with regards to identifying and verifying the customer using original documents, data, or information that are reliable from independent sources. This is in accordance with what is stipulated in Articles 17, 18, 19, and 20 of this regulation. In addition, the Central Bank of Sudan's Circular No. 8/2014 stipulated the necessity of implementing CDD measures by identifying and verifying customers by using original documents, data, or information that are reliable from independent sources in accordance with that is stipulated in this circular for each category.

Deficiency 5: Absence of explicit obligations imposed by law (primary or secondary legislation) to: require FIs to verify whether any person claiming to be acting on behalf of the customer is authorized to do so while identifying and verifying that person:

50. Sudan addressed this deficiency through Chapter III of the AML regulation of 2015 for the companies operating in the insurance field. The regulation requires implementing due diligence and undertaking measures that include obtaining documents to prove the identity of any person dealing with the company on behalf of a customer. This also includes obtaining documents to prove whether this person is acting on behalf of another person. Moreover, Chapter III of the KSE regulation of 2015 requires implementing due diligence and taking measures that include obtaining documents to prove the identity of any person dealing with the company on behalf of a customer. This also includes obtaining documents to verify whether this person is acting on behalf of another person. In addition, Circular No. 8/2014 of the Central Bank of Sudan provided for implementing CDD measures by obtaining documents providing the identity of any person dealing with the institution on behalf of a customer, including obtaining documents to verify the identity of that other person.

Deficiency 6: Absence of explicit obligations imposed by law (primary or secondary legislation) to: securities and insurance companies are not required in detail to comply with the requirements of identifying the beneficial owner and taking the necessary reasonable measures to verify the identity of such person.

51. Sudan addressed this deficiency through chapter III of the AML/CFT Law of 2014 (financial and non-financial institutions – CDD measures). The law requires financial institutions and non-financial institutions to take CDD measures through identifying and verifying the customer using original documents, data, or information that are reliable and

independent; and identify and verify the beneficial owner through taking reasonable measures to do so. On the other hand, Chapter III of the AML regulation of 2015 for the companies operating in the insurance field requires insurance companies to implement due diligence by virtue of Articles 20, 21, and 22 of this regulation. In addition, Chapter III of the KSE regulation of 2015, Articles 21, 22, and 23, requires securities companies to take a number of measures that includes requesting each customer to sign a written declaration disclosing information of the beneficial owner regarding the business relationship. This enables the company to take other measures to identify and verify the beneficial owner through any other necessary sources. This is in addition to identifying and verifying the customer using original documents, data, and information that are reliable and from independent sources.

Deficiency 7: Absence of explicit obligations imposed by law (primary or secondary legislation) to: require FIs to identify the natural persons who have actual ownership or control over the customer including persons who exercise effective and full control over the legal person or legal arrangement.

52. Sudan addressed this deficiency through Chapter III of the AML/CFT Law of 2014 (financial and non-financial institutions – CDD measures). The law obligated financial and non-financial institutions in Item 5 (Fourth) to understand the ownership structure and control over the customer who is a natural person, a legal person, or a legal entity. On the other hand, the AML/CFT regulation of 2015 for companies operating in the insurance field and the KSE regulation of 2015, in Chapter III, obligated the insurance and securities companies to implement due diligence by taking a number of measures. These measures include understanding the ownership structure and control over the customer who is a legal person or a legal entity. Furthermore, Circular No. 8/2014 of the Central Bank of Sudan, Item 4 (CDD measures), paragraph 4, requires implementing due diligence through taking a number of measures that include understanding the ownership structure and control over the customer who is a legal person or a legal entity.

Deficiency 8: Absence of explicit obligations imposed by law (primary or secondary legislation) to: require FIs with regard to customers from legal persons or legal arrangements to obtain information on the provisions regulating the binding authority of the legal person or legal arrangement.

53. Sudan addressed the deficiency pertaining to this requirement through Chapter III of the AML/CFT Law of 2014 (financial and non-financial institutions) which stipulated the CDD measures. Article 5 of the law in the previously mentioned Chapter requires financial and non-financial institutions to understand the structure of ownership and control over the customer.

54. Moreover, Article 18 of both the AML regulation of 2015 for insurance companies and the KSE regulation of 2015 stipulated the measures for identifying and verifying the identity of legal persons. This could be achieved by including in the identification data: the name of the legal person, the legal status, the address of headquarters, type of activity, the capital, phone numbers, the purpose of the transaction, and any other information the company may deem necessary to obtain. In addition, the company shall verify the identity of the legal person and obtain the official documents that prove its existence (registration certificate or any other documents). This is in addition to the obligation of obtaining a copy of the documents proving that such person is acting on behalf of the legal person or the natural

persons to apply insurance measures on behalf of the customer. Furthermore, it is necessary to identify such persons according to the customer identification procedures stipulated in this regulation. In addition, it is necessary to obtain the names and addresses of partners. With regards to public joint-stock companies, it is necessary to obtain a list of the names and addresses of shareholders, taking into account verifying the legal status of the legal person with regards to business relationships with legal persons through the necessary documents and information included therein.

55. Article 19 of both regulations covered the identification and verification procedures for legal entities to include verifying: the identity and name of the legal entity; the headquarters address if applicable; the purpose of the entity; the names of the originator, trustee, beneficiaries, and any other person with full control over the legal entity; phone numbers; the purpose of the relationship; and any other information the company sees as necessary to obtain. Moreover, it is necessary to obtain a copy of the documents proving the delegation of the legal entity to a person with the purpose of representation, or delegation of natural persons to implement insurance procedures. This is in addition to the necessity to identify the persons delegated to act by virtue of the identification procedures stipulated in Articles 17, 18, 19, and 20 of the AML regulation of 2015 for insurance companies, and Articles 17, 18, and 19 of the KSE regulation of 2015.

Deficiency 9: Requiring securities and insurance companies to take reasonable measures to recognize the ownership and management structure controlling the legal person

56. Sudan addressed the deficiency pertaining to this requirement through Chapter III of the AML/CFT Law of 2014 (financial and non-financial institutions) which stipulated the CDD measures. Article 5 of the law in the abovementioned Chapter obligated financial and non-financial institutions to understand the structure of ownership and control over the customer.

57. Furthermore, the ISA regulation of 2015 in paragraph 21 and the KSE regulation of 2015 in paragraph 23 provided for identifying the beneficial owners from legal persons and legal entities. With regards to legal persons, every natural person who owns or controls, directly or indirectly, shares that exceed 10% of the legal person must be identified. Failing to verify that this person is truly the beneficial owner or if there is no natural person who exercises control through ownership, then every natural person who exercises control through other methods must be identified. Failing to do so, the identity of the person responsible for managing the legal person must be identified.

Deficiency 10: Absence of explicit obligations imposed by law (primary or secondary legislation) to: require FIs other than those subject to the authority of the Central Bank to verify the legal status of the legal person or legal arrangement:

58. Sudan addressed the deficiency pertaining to this requirement through Chapter III of the AML/CFT Law of 2014 (financial and non-financial institutions) which stipulated CDD measures. Article 5 of the law in the abovementioned Chapter requires financial and non-financial institutions to understand the structure of ownership and control over the customer.

59. Moreover, Article 18 of both the AML regulation of 2015 for insurance companies and the KSE regulation of 2015 stipulated the measures for identifying and verifying the identity of legal persons. This could be achieved through including the following in the identification data: the name of the legal person, the legal status, the address of headquarters, type of activity, the capital, phone numbers, the purpose of the transaction, and any other information the company may deem necessary to obtain. In addition, the company shall verify the identity of the legal person and obtain the official documents that prove its existence (registration certificate or any other documents).

Deficiency 11: Absence of explicit obligations imposed by law (primary or secondary legislation) to: require securities companies to obtain information on the purpose and intended nature of the business relationship.

60. Sudan addressed the deficiencies pertaining to this requirement through Chapter II of the KSE regulation with regards to the CDD measures and the duties of stock companies. Stock companies were obligated to implement CDD measures in accordance with the measures stipulated in the law and this regulation such as identifying the nature and purpose of the business relationship.

61. Moreover, the KSE regulation of 2015 stipulated obligating such companies to take a number of measures to manage and mitigate risks. These measures include evaluating risk factors including the purpose of establishing the business relationship; the duration of the relationship, obtaining additional information on the customer, the beneficial owner, the transaction; and the expected nature of the business relationship. This is in addition to implementing continuous due diligence on business relationships and monitoring them. This is in order to identify the dealing pattern and its actual purpose; in addition to detecting any transactions that do not comply with this pattern or the company's knowledge of the customer, their activity, and their risk portfolio. This also includes identifying the source of funds and wealth, when needed.

Deficiency 12: Circulars issued to FIs did not address the following: require the bank sector, currency exchange companies, and money transfer companies to obtain information on the nature of the business relationship.

62. Sudan addressed the deficiencies pertaining to this requirement through Circular No. 8/2014 of the Central Bank of Sudan with regards to CDD measures. The Circular stipulated the duties of the FIs subject to the authority of the Central Bank, such as banks and currency exchange and money transfer companies to take a number of measures. These include item 4, paragraph (e) which included procedures to understand the intended purpose and nature of the business relationship, and obtain information concerned with this relationship.

Deficiency 13: Absence of explicit obligations imposed by law (primary or secondary legislation) to: require stock and insurance companies to take enhanced due diligence measures for categories of high-risk customers, business relationships, or transactions.

63. Sudan addressed the deficiencies pertaining to this requirement through Chapter IV of the KSE regulation of 2015, which stipulated handling different risks including taking enhanced CDD measures for categories of high-risk customers, business relationship, or transactions. In addition, Chapter II, item of the ISA regulation requires insurance companies to implement enhanced CDD measures with regards to categories of high-risk customers, business relationship, or transactions.

Deficiency 14: Absence of explicit obligations imposed by law (primary or secondary legislation) to: require securities companies to verify the identity of the customer and beneficial owner before and during the establishment of the business relationship or executing transactions for occasional customers.

64. Sudan addressed the deficiency pertaining to this requirement through Chapter IV of the KSE regulation of 2015, which stipulated undertaking the due diligence measures according to the procedures stipulated in the law and this regulation in Articles 17 and 18. The regulation requires stock companies to verify the identity of the beneficial owner of the natural and legal customer and the legal entity. This is in addition to taking measures to verify the accuracy of the data and information obtained from the customer, including contacting the competent authorities that issued the documents proving such data, when suspecting their accuracy. On the other hand, the legal status of the legal person is verified through the necessary documents and the included information. In order to verify the identity of the customer and to determine whether the customer is acting on behalf of one beneficial owner or more, the KSE Regulations of 2015 obligated stock companies to request each customer, when requesting to establish a business relationship, to sign a written declaration where the information of the beneficial owner regarding the business relationship is disclosed, leading to identify his identity. The company may be granted the possibility of taking other measures to identify the identity of the beneficial owner through any other sources it deems necessary. It also obligated the company to verify the identity of the beneficial owners by taking reasonable measures to verify their identity. This includes depending on reliable data, information, or documents obtained from independent sources in a way that satisfies the company that it knows the identity of the beneficial owners. In addition, the company shall understand the structure of ownership and control over customers with regards to legal persons and entities.

65. Moreover, Article 5 (a) in item 2 of the Law stipulated the obligations of FIs to identify occasional customer in financial transactions with value that exceeds the limit specified by the regulations, whether they were conducted as one transaction or many transactions that seem to be connected. Paragraph (b) of the same Article provided for the verification of such identity by using original documents, independent and reliable data or information, and determining the identity of the beneficial owner and taking reasonable measures to verify it.

Deficiency 15: Absence of explicit obligations imposed by law (primary or secondary legislation) to require securities companies, when failing to fulfill CDD measures, to terminate the business relationship and consider submitting an STR:

66. KSE Regulations of 2015 stipulate, when the company cannot fulfill CDD measures mentioned in Article 8 of the same Regulations, that it shall not establish a business relationship with the customer. The business relationship shall also be terminated if the company cannot fulfill CDD measures with regards to business relationships that were established before the Regulation came in force or in the event of inability to complete such measures in the future due to postponement, as stipulated in Article 12 of this Regulation. In all such cases, the company shall consider submitting a notice to the FIU.

Deficiency 16: Absence of explicit obligations imposed by law (primary or secondary legislation) to: require the banking sector, exchange companies, and transfer companies to consider submitting an STR when failing to meet CDD measures:

67. Central Bank of Sudan Circular No. 8/2014 in item 4 on CDD measures stipulated that where institutions are unable to fulfill CDD measures, they shall not open an account for, establish a business relationship with, or perform any transactions on behalf of the customer. The business relationship shall also be terminated in the event of the inability of the institution to fulfill CDD measures with regards to the business relationships that were established before the Circular came in force or in the event of inability to complete such measures in the future due to postponement. In all such cases, the institution shall consider submitting a notice to the FIU.

Deficiency 17: Absence of explicit obligations imposed by law (primary or secondary legislation) to: require securities and insurance companies in the event of establishing a business relationship before fulfilling the customer identification measures, to terminate the business relationship and consider submitting an STR:

68. The Regulations of the Insurance Supervisory Authority for year 2015 and KSE Regulations of 2015 stipulated that, where the company fails to fulfill CDD measures mentioned in Article 8 of both regulations, it shall not establish a business relationship with the customer. The business relationship shall also be terminated in the event of the inability of the company to fulfill CDD measures with regards to the business relationships that were established before this Regulation came in force or in the event of inability to complete such measures in the future due to postponement, as stipulated in Article 12 of both regulations. In all such cases, the company shall consider submitting a notice to the FIU.

Deficiency 18: Absence of explicit obligations imposed by law (primary or secondary legislation) requiring FIs to apply CDD measures with regards to existing customers on basis of materiality and risk, and address the issue of the timing with respect to taking CDD measures in current business relationships:

69. The Regulations of the Insurance Supervisory Authority for year 2015 and KSE Regulations of 2015 stipulated that insurance and stock companies shall apply CDD measures with regards to business relationships established before these regulations came in force on basis of materiality and risk, and shall take CDD measures with regards to existing business relationships at appropriate times. It shall be taken into account if and when CDD measures have been previously taken and the sufficiency of the obtained data.

70. Bank of Sudan Circular No. 8/2014 also stipulated that FIs shall apply CDD measures with regards to customers existing before this circular came in force on basis of materiality and risk, and take CDD measures with regards to existing business relationships at appropriate times. It shall be taken into account if and when CDD measures have been previously taken and the sufficiency of the obtained data.

Deficiency 19: Absence of adequate internal policies at the FIs, except for banks, pertaining to CDD measures

71. Sudanese authorities stated that FIs issued internal policies pertaining to CDD measures, and this was clear during on-site and offsite inspections conducted by the monitoring and supervisory entities.

Deficiency 20: Low level of awareness and experience in dealing with the obligation of customer identification and verification:

Deficiency 21: Low level of awareness and experience in dealing with the obligation of beneficial owner identification and verification:

72. Sudanese authorities stated that in order to increase the capabilities of FIs, and enhance their expertise in the obligation of customer identification and verification, FIU and monitoring and supervisory entities organized many training sessions, workshops, and training courses for compliance officers in FIs. On their own initiative, FIs also organized many events for educating their employees and introducing them to customer identification procedures. In order to assess the financial sector risks, the sub-commission also organized a workshop that included all compliance officers in the financial sector.

73. Authorities provided the following statistics, which show the awareness and training process received by the banks and FIs in the field of AML/CFT and the increase in compliance with customer identification and verification, for the period since AML/CFT law for 2013 entered into force until 2015:

Table 4: AML/CFT Training Courses Organized by Banks and FIs

| Entity | 2013 | | 2014 | | 2015 | |
|------------------|----------------|---------------------|----------------|---------------------|----------------|---------------------|
| | No. of Courses | No. of Participants | No. of Courses | No. of Participants | No. of Courses | No. of Participants |
| Banks | 24 | 617 | 19 | 457 | 21 | 1096 |
| Other FIs | 4 | 83 | 2 | 42 | 3 | 71 |

Table 5: AML/CFT Training Courses in which Banks and FIs Participated

| Entity | 2013 | | 2014 | | 2015 | |
|------------------|----------------|---------------------|----------------|---------------------|----------------|---------------------|
| | No. of Courses | No. of Participants | No. of Courses | No. of Participants | No. of Courses | No. of Participants |
| Banks | 50 | 367 | 111 | 298 | 97 | 246 |
| Other FIs | 3 | 3 | 32 | 39 | 30 | 41 |

Deficiency 22: Low level of awareness and experience in identifying the structure of ownership and control over customers of legal persons:

74. Sudan made a huge effort to correct the legal framework of the CDD measures required from FIs by addressing deficiencies pertaining to this recommendation, either through the law or the regulations issued by the monitoring and supervising entities to which FIs are subject. Such entities are represented in the Central Bank, KSE, and Insurance Supervisory Authority. On the other hand, the statistics presented above clarify the efforts exerted by entities in order to ensure that FIs implemented the requirements imposed by virtue of the laws and regulations issued by virtue of the law. However, monitoring and supervisory entities shall document sufficient statistics that show the supervisory role they play to confirm that FIs implement CDD measures, especially with the presence of a large number of recent requirements on FIs; in addition to ensuring that FIs implement such measures.

R13 and SR IV: Rating (NC)

Deficiency 1: Contradiction between what is imposed by the law of reporting to the FIU any suspicious transactions and what is imposed by KSE Regulations of notifying the AML/CFT unit at KSE and not the FIU:

75. Article 6/1 of AML/CFT Law of 2014 requires financial and non-financial institutions that suspect, or have reasonable grounds for suspicion, that any funds are proceeds or transactions or attempted transactions related to ML/FT; shall immediately report that to the FIU. On the other hand, Chapter VII of KSE Regulations of 2015 with regards to reporting suspicious transactions in paragraph 36, stipulated that the company shall report immediately any transaction or attempt to conduct a transaction to the FIU if it suspects or has reasonable grounds for suspicion that such transactions are conducted using proceeds of a crime or are associated with ML/FT.

Deficiency 2: The reporting obligation does not include cases of suspicion of a connection or association between funds and terrorism or terrorist acts, or that they will be used by terrorist organizations or terrorist financiers:

76. Authorities stated that Article 6/1 of AML/CFT law of 2014 stipulated that financial and non-financial institutions that suspect, or have reasonable grounds for suspicion, that any funds are proceeds or transactions or attempted transactions related to ML/FT shall immediately report that to the FIU. On the other hand, Central Bank of Sudan Circular No. 8/2014 in item 8 stipulated that FIs shall report immediately any transaction or attempt to conduct a transaction to the FIU if they suspect, or have reasonable grounds to suspect, that such transactions are conducted using crime proceeds or are associated with ML/FT.

77. Authorities also stated that paragraph 37 of AML/CFT Regulation for companies operating in the insurance sector of 2015 and paragraph 36 of KSE Regulations of 2015 requires companies (insurance and securities companies) to immediately report to the FIU any transaction or attempt to conduct a transaction if they suspected, or have reasonable grounds to suspect, that such transactions are performed using crime proceeds or are associated with ML/FT.

Deficiency 3: Absence of a sufficient level of awareness at the reporting FIs with regards to all aspects pertaining to reporting suspicion:

78. Sudanese authorities stated that training courses which FIs organized or participated in, mentioned in the Tables 8 and 9 above, include the subjects of spreading awareness on: main features of AML/CFT Law of 2014, AML/CFT risks, AML/CFT techniques, role of compliance officers and their obligations as a reporting entity, the manner of reporting suspicious cases, KYC and CDD for opening accounts, customer risk rating methods, FATF recommendations, and the role of monitoring entities in AML/CFT. In addition, the training courses included the aspects on assessing risks associated with AML/CFT, and other specialized topics.

79. In addition to the aforementioned, the authorities stated the efforts exerted by banks and other FIs in 2015 to hold 127 specialized training courses in AML/CFT, in which 300 employees participated. These courses covered CDD measures, STR, banking secrecy and its relation with AML/CFT, de-risking, financial inclusion and assessment of AML/CFT risks. It is noteworthy that these courses have been conducted by local and international experts.

Deficiency 4: Not criminalizing the twenty predicate offenses of ML in the Sudanese criminal system affects the reporting obligation and hence the level of compliance with this recommendation:

80. Article 3 of AML/CFT Law stipulated the definition of predicate offenses to include any act that represents a crime by virtue of any Law in force in Sudan, or any act committed outside Sudan if it constitutes a crime according to the laws of the country where it was committed and constitutes a crime in Sudan as well. This included fraud, illicit trafficking in narcotic drugs and psychotropic substances, forgery, extortion, robbery, theft, illicit trafficking in stolen and other goods, counterfeiting and piracy of products, smuggling, sexual exploitation, environmental crimes, tax evasion, sale and trade of monuments, market manipulation and insider trading. Thus, Sudan has adopted a comprehensive approach in defining predicate offenses.

Deficiency 5: Absence of effective application of submitting STR requirements:

81. Authorities stated that they have taken many steps in this regard, as the FIU updated the reporting forms. They also stated that an electronic system of reporting via the FIU website and direct email was adopted. Moreover, they stated that most FIs have an electronic reporting system that leads to improving the quality of STRs. In addition, the FIU provided specialized training and feedback reports.

82. On the other hand, the FIU submitted statistics on the reports (STRs) received during the period from 2013 to 2015, as follows:

Table 6: STRs Received by FIU during the Period from 2013 to 2015

| Reporting Entity | 2013 | 2014 | 2015 |
|--|------|------|------|
| Banks | 9 | 30 | 31 |
| Currency Exchange Companies and Service Offices | 1 | 5 | 7 |
| Law Enforcement Entities | 11 | 16 | 49 |
| Monitoring and Supervisory Entities | 0 | 30 | 3 |
| Other Entities | 0 | 0 | 11 |
| Total | 21 | 81 | 101 |

Table 7: STRs by Legal Status during the Period from 2013 to 2015

| Status | 2013 | 2014 | 2015 |
|---------------------------------------|------|------|------|
| Under Investigation | 0 | 0 | 9 |
| Dismissed | 18 | 60 | 38 |
| Referred to Public Prosecution | 3 | 20 | 53 |
| Total | 21 | 80 | 100 |
| FT Cases | 0 | 1 | 1 |
| Total | 21 | 81 | 101 |

Table 8: Number of Reports Submitted to the Public Prosecution regarding ML/FT Cases and their Legal Status during 2015

| Status | Number |
|----------------------------|--------|
| Under Investigation | 49 |
| Removed | 2 |
| Dismissed | 2 |
| Referred to Court | 5 |

83. Authorities indicated the absence of reporting suspicious cases in both insurance and stock sectors and stated that the reason behind this is the absence of an investment aspect in life insurance operations. Life insurance documents are collective documents issued by institutions for their employees and they are short-term documents, and property insurance is covered through premiums mostly paid progressively (scheduled throughout the year), hence

insurance companies did not submit STRs to the FIU. With regards to the stock sector, the authorities stated that trading sizes in KSE are limited and there is clear weakness in the culture of investment in this sector, which leads to non-submission of STRs to the FIU by stock companies. Moreover, the Authorities stated that the FIU did not receive any STRs from non-financial institutions.

84. In general, the statistics submitted by the FIU indicate the exerted efforts of Sudan with regards to increasing the effectiveness of the reporting system.

85. However, there is a constant need for more effective reporting and for addressing such reports by the relevant authorities, especially in the light of the recent reporting requirements. It is noted that a number of reports have not been addressed, which casts burden on the authorities to support the FIU resources; hence, helping in performing its work more effectively during the next phase.

86. It is worthy to note the FIU efforts for raising the awareness among the entities subject to the law of the legal rule upon which they constitute their suspicion. This is through the guidance on the reasonable grounds for suspicion provided to the subject entities, which are: banks; exchange institutions; insurance companies; investment companies; real estate agents; gold, precious metal, and gemstone dealers; accountants; lawyers; and companies operating in the stock field.

SRII: Rating (NC)

Deficiency 1: Criminalizing FT or defining terrorist organization or terrorist act does is not consistent with the International Convention for the Suppression of the Financing of Terrorism, and the terrorist was not defined:

87. Article 3 of AML/CFT Law stipulated the definition of the terrorist organization as any group of terrorists who: commit or attempt to commit terrorist acts by any means, directly or indirectly, unlawfully and willfully; participate as an accomplice in terrorist acts; organize or directs others to commit terrorist acts; or deliberately participate in committing terrorist acts with a group of people working for a common purpose to expand the criminal activity, with the knowledge of the intention of the group to commit this terrorist act. The definition also included any organization considered as terrorist organization by virtue of the provisions of CFT Law of 2001.

88. Article 3 stipulated the definition of the terrorist act as the act that constitutes a crime within the scope of the definition mentioned in any of the conventions, agreements, and protocols pertaining to terrorism ratified by Sudan; any act intended to cause the death or serious injury of a civilian or any other person who is not involved in hostile acts in the event of armed conflict, or when it is intended by nature or within the context, to intimidate a population or to compel a government or an international organization to do or to refrain from doing any action; or any act considered a terrorist act by virtue of the provisions of CFT Law of 2001.

89. Article 3 of the Law also defined the terrorist as any natural person who commits, or attempts to commit, terrorist acts by any means, directly or indirectly, unlawfully and willfully; participates as an accomplice in terrorist acts; organizes or directs others to commit terrorist acts; or participates in committing terrorist acts with a group of people with the aim of expanding the terrorist act or with the knowledge of the intention of the group to commit the terrorist act.

90. On the other hand, FT was criminalized in Article 36 of AML/CFT Law in accordance with the International Convention for the Suppression of the Financing of Terrorism. This Article stipulated that any person who deliberately, directly, or indirectly, submitted or attempted to submit funds from a legitimate or illegitimate source or collect them with the intention of using them to commit terrorist acts, or with the knowledge that they will be totally or partially used for this purpose by a terrorist or a terrorist organization; shall be deemed a perpetrator of an FT crime. The Article stipulates that any of the abovementioned is considered an FT crime even if the terrorist act did not take place or the funds were not actually used to commit or attempt to commit this terrorist act, or were linked to a specific terrorist act; regardless of the country where the terrorist act took place or attempted to be committed.

Deficiency 2: The definition of funds does not include electronic and digital documents:

91. Article 3 of AML/CFT Law stipulated the definition of funds including the electronic and digital documents. Funds are defined as financial and non-financial assets; all types of properties, whether tangible or intangible, movable or immovable, regardless the way in which they are obtained; and legal documents, in any form including electronic and digital forms evidencing title to or interest in such asset. Such documents include bank credits, traveler's checks, bank checks, payment orders, stocks, securities, bonds, bills, letters of credit, and any profits or revenues derived from these funds or other assets.

Deficiency 3: The lawmaker did not define the moral element represented in the knowledge that these funds will be used totally or partially in financing terrorist acts.

Deficiency 4: Absence of provisions on the link of funds with their actual use in committing terrorist acts or a specific terrorist act:

92. The deficiency was addressed through Article 36/1 of AML/CFT Law in accordance with the International Convention for the Suppression of the Financing of Terrorism. This Article stipulated that any person who deliberately, directly or indirectly submitted or attempted to submit funds from a legitimate or illegitimate source or collected them with the intention of using them to commit terrorist acts, or with the knowledge that they are to be totally or partially used for this purpose by a terrorist or a terrorist organization; shall be deemed a perpetrator of an FT crime. The Article also stipulates that any of the abovementioned act is considered an FT crime even if the terrorist act did not take place, or the funds were not actually used to commit or attempt to commit this terrorist act, or the funds were not linked to a specific terrorist act, regardless the country where the terrorist act occurred or attempted to be committed.

Deficiency 5: Not verifying the possibility of subjecting a legal person to administrative liability along with penal liability:

93. This deficiency was addressed through Article 4 (d) of AML/CFT Law of 2014. The Article stipulated that penalties stipulated in Article 41 and the regulations issued by virtue of the provisions of this Law shall be imposed if the financial and non-financial institutions violate their obligations stipulated in this Law.

94. Article 41 of the Law stipulated that monitoring and supervisory entities; in the event of proving the violation of any financial and non-financial institutions, board members, executive and supervisory board members, or their managers of the provisions stipulated in this Law, the regulations issued by virtue of this Law, ministerial decisions, circulars, or instructions; shall be given the permission to impose several penalties including a written warning of the violation; order on the compliance with some procedures; order to submit regular reports on the measures taken to address the violation in question; imposing a financial penalty on the violating financial or non-financial institution, not exceeding SDG 500,000 for each violation; preventing the violator from working in the relevant sector for a specific period; limiting the powers of board members, executive and supervisory board members, their managers, or dominant owners including the appointment of a temporary observer; discharging or requesting to change board members, executive and supervisory board members, or their managers; suspending, limiting, or banning the performance of the activity, work, or profession; suspending the license; or withdrawing the license.

Deficiency 6: Absence of dissuasive, proportionate and effective sanctions:

95. Article 38 of AML/CFT Law of 2014 stipulated that a penalty for a term not less than five years and not exceeding ten years, and a fine not exceeding the double of the proceeds shall be imposed, in addition to the confiscation stipulated in Article 39 of the Law. These sanctions are dissuasive compared to the punitive policy applied in Sudan and compared to the penalties provided for in the Sudanese Criminal Law.

Deficiency 7: Absence of effectiveness of law:

96. The Sudanese authorities stated that, by issuing the new AML/CFT Law of 2014 and its entry into force in 19/6/2014, provisions of law were put in force in several fields, including:

- 1) Monitoring and supervisory entities issued the necessary regulations and circulars and conducted on-site and offsite inspections.
- 2) The FIU was restructured with full operational and technical independence according to the new law. The FIU exercised its competence which is set out in the law and received a large number of STRs from which a number will be referred to the Public Prosecution as per the FIU decision.
- 3) The National Committee was restructured and exercised its functions and competences.
- 4) The Decisions of the Council of Ministers No. 358, 359, and 360 were issued, and the Technical Committee for the implementation of decisions exercised its functions and competences.
- 5) The Minister of Justice issued rules and procedures of international cooperation which entered in force.
- 6) A specialized prosecution for AML/CFT was established.

- 7) A number of cases were referred to the court and actual court hearings started. One case was convicted in 2015 by virtue of AML/CFT Law of 2014 as it was regarded as a case of false disclosure of customs and the perpetrator was penalized pursuant to Article 38/4 with a fine, being double the amount, subject of the disclosure.

E. Review of the Measures Taken in Relation to Key Recommendations:

R3: Rating (PC):

Deficiency 1: Absence of a confiscation system for the properties with regards to predicate offenses:

Deficiency 2: Absence of statistics and the overlapping in the civil and criminal procedures of seizure hinders the evaluation of effectiveness and prompt application of the confiscation system:

Deficiency 3: Deficiencies pertaining to the civil procedures of seizure on the predicate offenses:

97. Article 39/1 of AML/CFT Law of 2014 stipulates that, without prejudice to the rights of bona fide third parties and in the event of conviction in one of the crimes stipulated in the Law, the court shall be permitted to order the confiscation of funds subject of AML/CFT; proceeds including funds mixed with, derived from, and substituted with them; revenues and other products derived from proceeds; and instruments.

98. Authorities stated that crime proceeds are seized, frozen and confiscated according to the following laws; including but not limited to: AML/CFT Law of 2014, Anti Terrorism Act of 2001, Criminal Procedures Law of 1991, Customs Law of 2010 (amended), Narcotic Drugs and Psychotropic Substances Act of 1994, Environmental Laws, and Law on Combating Human Trafficking of 2014.

99. The following statistics show the confiscation provisions and the value of the confiscated properties with regards to predicate offenses in Sudan from 2013 to 2015:

Table 9: The Confiscation Provisions and the Value of the Confiscated Properties with regards to Predicate Offenses in Sudan from 2013 to 2015 (Amounts in Sudanese Pounds)

| Crime | 2013 | | 2014 | | 2015 | |
|--|--------------------------------|---------------------------------|--------------------------------|---------------------------------|--------------------------------|---------------------------------|
| | No. of Confiscation Provisions | Value of Confiscated Properties | No. of Confiscation Provisions | Value of Confiscated Properties | No. of Confiscation Provisions | Value of Confiscated Properties |
| Illicit trafficking in narcotic drugs & psychotropic substances | 1416 | 14250124 | 1836 | 78018071 | 3226 | 351069250 |
| Illicit arms trafficking | 31 | 1285121 | 28 | N/A | 24 | 2146831 |
| Illicit trafficking in stolen goods, and other goods | 38 | 55620 | 53 | 45787 | 42 | 610241 |
| Corruption and bribery | 35 | 240738 | 35 | 3347581 | 31 | 2962319 |
| Counterfeiting currency | 128 | 7541714 | 94 | 2478147 | 106 | 5216301 |
| Environmental crimes | 13 | 82416 | 8 | 91284 | 11 | 78210 |
| Smuggling, including anything related to customs, duties, and taxes | 213 | 21345894 | 254 | 34197107 | 236 | 94186015 |
| Forgery | 114 | 497287 | 107 | 528471 | 121 | 32941 |
| Human trafficking | 0 | 0 | 0 | 0 | 47 | 56321 |

100. Article 15 of AML/CFT Law of 2014 stipulated that the FIU; based on the results of the analysis of the reports, in emergency cases, and when there are serious grounds for suspicion of ML, predicate offenses, or FT; may order to stop the suspected transaction for a period not exceeding 5 days; it may as well, once the period expires as provided for in item (1) and the procedures are not completed yet, to ask the public prosecutor to ask the competent court to extend the period for more than 2 weeks to continue the procedures. The public prosecutor may also order the cancellation of the freezing order when the necessity that required its issuance ends or elements of suspicion no longer exist. On the other hand,

the competent court, after hearing the concerned parties, may order to extend the freezing order of the public prosecutor to a period not exceeding 2 months or order its cancellation; and the court shall decide in this matter urgently. The law also authorized any person of interest to file grievance before the competent court for any of the orders issued on the temporary suspension of the suspicious transaction and freezing within two weeks from the date of notification of the matter. The public prosecutor has the authority to issue the necessary orders to manage the frozen funds, as he deems appropriate.

Deficiency 4: Absence of provisions in relation to the equal application of the confiscation criterion on proceeds regardless of whether they were in the possession of a criminal or a third party:

101. Sudan addressed the deficiency pertaining to the equal application of the confiscation criterion on proceeds regardless of whether they were in the possession of a criminal defendant or a third party through Article 39 of AML/CFT Law of 2014. This Article stipulates that the court, in the event of conviction in one of the crimes stipulated in the Law, may order the confiscation of funds subject of ML/FT crime; proceeds including funds mixed with, derived from, and substituted with them; revenues and other products derived from proceeds; and instruments whether from a criminal defendant or a third party. The court, when unable to access any of the mentioned funds or proceeds, or if they are no longer available for confiscation purposes, may also order the confiscation of assets or properties of corresponding value, without prejudice to the rights of bona fide third parties, as the funds mentioned in this Article shall not be confiscated if their owner proved his bona fide or that they have been acquired against an adequate price or against providing services of corresponding value or based on other legitimate reasons, and that the owner was not aware of their illicit origin.

R23: Rating (PC):

Deficiency 1: Absence of a clear methodology in the application governing the work of each competent monitoring entity and showing its responsibilities with regards to the adequate compliance of FIs subject to its supervision with AML/CFT requirements, and the effective implementation of FATF recommendations in particular:

102. The Central Bank of Sudan, KSE, and Insurance Supervisory Authority implement their monitoring obligations by virtue of Article 44 of the AML/CFT Law of 2014 and Article 8/2 of the Law on the Regulation of Banking Activity of 2004. The authorities stated that the three abovementioned monitoring entities have established a specialized department to follow-up the compliance of FIs subject to its supervision. Amendments to regulatory controls and circulars relating to AML/CFT to keep pace with the amendments made to R40 + SR 9 have been adopted, in addition to the amendments made to AML Law of 2010. Inspection teams of the three monitoring entities exercise their monitoring functions on FIs subject to their supervision through on-site and offsite inspections conducted by the competent department for monitoring the compliance of FIs with AML/CFT laws and controls. Please refer to the statistics provided by the authorities on the inspection tours carried out by the monitoring entities in paragraph 119 of this report.

Deficiency 2: The structure of supervisory and monitoring entity on FIs responsible for meeting AML/CFT requirements is not sufficient in comparison with the number of supervised institutions:

103. A specialized department for AML/CFT was established at the Central Bank which exercises its functions in coordination with the Inspection Directorate of the bank. This department comprises 4 employees and 45 inspectors (among whom 15 are presided by Central Bank of Sudan and 30 inspectors at Central Bank of Sudan branches). A specialized unit for AML/CFT was also established in KSE which comprises 11 specialized employees, in addition to the directorate concerned with inspection. Moreover, a specialized department for AML/CFT was established in the Insurance Supervisory Authority; which comprises 5 employees and is proportionate with the size of the FIs falling under its supervision, 14 insurance companies.

Deficiency 3: Lack of clarity of bases on which the employees of the competent monitoring authorities (except for the Central Bank) are selected or the bases on which their compliance with high professional standards, especially the ones related to confidentiality and privacy, are verified, in addition to the integrity and appropriate skills:

104. AML/CFT administrative committee issued a circular dated March 15, 2014 to all AML/CFT competent authorities where it indicates the necessity of providing and funding adequate human and technical resources. The authorities also indicated that competent authority employees are required to have high operational levels and standards, including confidentiality-related standards; and shall have the integrity and appropriate skills. In addition, employees shall receive sufficient and specialized training in AML/CFT field.

105. In addition to the above, Article 24 of National Civil Service Act of 2007 requires all competent authorities to refrain from appointing persons who had been previously sentenced to imprisonment for committing crimes involving moral turpitude or dishonesty, except under the request of the competent Minister and by a decision from the Minister after a period of not less than the specified period for quashing a conviction in accordance with the provisions of the Criminal Procedure Code. Besides, the authorities shall not reappoint persons who have been dismissed from the service by the decision of the Council of accountability, expect after at least one year from the date of the dismissal decision. The reappointing decision shall be taken by the Council of Ministers, or the Minister, according to the case upon the recommendation of the competent Minister.

Deficiency 4: Limited AML/CFT training provided to the staff of the monitoring authorities:

106. Authorities stated that the Central Bank of Sudan provided many specialized training courses to its employees in AML/CFT field and that four employees of the Central Bank of Sudan obtained Chief Compliance Officer (CCO) certification.

107. In addition, KSE organized many training courses for its employees, and one of the employees obtained the Certified Anti-Money Laundering Specialist (CAMS) and Chief Compliance Officer (CCO) certification. FIU also organized several events for the Insurance Supervisory Authority attended by 23 employees of the Authority.

108. Moreover, the authorities provided the following statistics which reflect the awareness and training received by the employees of such authorities in the AML/CFT field, for the period since the AML/CFT law for 2013 entered into force until 2015:

Table 10: Training Courses Organized by Monitoring and Supervisory Entities

| Year | Entity | No. of Courses | No. of Participants |
|------|---------------------------------|----------------|---------------------|
| 2013 | Central Bank of Sudan | 4 | 187 |
| | Khartoum Stock Exchange (KSE) | - | - |
| | Insurance Supervisory Authority | - | - |
| 2014 | Central Bank of Sudan | 5 | 326 |
| | Khartoum Stock Exchange (KSE) | 2 | 46 |
| | Insurance Supervisory Authority | 2 | 288 |
| 2015 | Central Bank of Sudan | 4 | 135 |
| | Khartoum Stock Exchange (KSE) | 1 | 55 |
| | Insurance Supervisory Authority | 1 | 20 |

Table 11: Specialized Workshops and Programs Attended by the Central Bank of Sudan

| Year | Course | Venue | No. of Participants |
|------|--|----------|---------------------|
| 2013 | AML/CFT – New Assessment Methodology | Kuwait | 2 |
| | Practical Training at AML/CFT Unit | Jordan | 2 |
| 2014 | CCO and CAMS Certifications | Khartoum | 4 |
| | AML/CFT | Khartoum | 2 |
| | AML/CFT | Khartoum | 2 |
| 2015 | National Forum on AML/CFT – European Union | Khartoum | 12 |
| | National Risk Assessment – IMF Center | Kuwait | 1 |
| | Capacity Building and Typologies Workshop | Khartoum | 8 |
| | CAMS certificate | Khartoum | 2 |
| | Workshop in the field of AML Crimes | Kenya | 1 |
| | Risk Workshop | Qatar | 1 |

Table 12: Workshops and Forums Organized by the FIU

| Title | In Cooperation with | Venue | Participants |
|---|---|--------------------------|--------------|
| National Forum on AML/CFT | EU Regional Office - Kenya | Khartoum – November 2015 | 200 |
| Capacity Building and Typologies Workshop | Middle East and North Africa Financial Action Task Force (MENAFATF) | Khartoum – December 2015 | 112 |

Table 13: Specialized Workshops and Programs Attended by the Insurance Supervisory Authority

| Year | Course | Venue | No. of Participants |
|------|--|--------------------------|---------------------|
| 2013 | Notes on the Mutual Evaluation Report of Sudan | Khartoum | 7 |
| 2014 | AML/CFT Workshop | Khartoum – Bank of Sudan | 3 |
| 2015 | National Forum on AML/CFT – European Union | Khartoum | 20 |
| | Capacity Building and Typologies Workshop | Khartoum | 12 |
| | CAMS Certification | Khartoum | 2 |

Table 14: Specialized Workshops and Programs Attended by the KSE

| Course | Period | Venue | No. of Participants |
|--|----------------|----------|---------------------|
| ML in FIs | 25 - 29/5/2014 | Khartoum | 11 |
| Role of Accounting and Auditing Profession in AML/CFT in FIs | 18 - 22/5/2014 | Jordan | 4 |
| National Forum on AML/CFT – European Union | November 2015 | Khartoum | 4 |
| Capacity Building and Typologies Workshop | December 2015 | Khartoum | 4 |

Table 15: Awareness Workshops of the Technical Committee on the Implementation of UNSCRs

| Participations at the Level of Regional Organizations | Awareness Workshops | Entities Holding Workshops |
|---|---------------------|--|
| 33 | 14 | <ul style="list-style-type: none"> - IGAD Security Sector Program (ISSP) - Arab League - The African Union - Algerian Centre for Studies and Research on Terrorism |

Deficiency 5: Insufficiency of the mechanisms applied by some monitoring authorities in identifying the founders of some FIs (financial service offices, insurance companies, and the companies operating in the stock field) requesting the license, regarding the obtainment of their criminal records, to ensure the prevention of criminals or their partners from acquiring a significant or controlling stakes or holding a managerial position:

Deficiency 6: Deficiency of the legal framework according to which some monitoring entities operate, except for Central Bank of Sudan, concerning the evaluation of directors and senior management on the basis of “fit and proper” criteria including those related to expertise and transparency:

109. Article 43 of KSE Regulations of 2015 and item 9 of Central Bank of Sudan Circular No. 8/2014 provided for conducting inspection and investigation procedures on checking employee background to ensure that candidates have high efficiency standards and integrity when hiring them. This shall include verifying the criminal record and considering any other useful information to confirm the absence of any conflict of interest, dishonesty, or fraud. This is in addition to verifying that the compliance managers and employees are assuming their responsibilities, and ensuring the compliance with AML/CFT policies and procedures.

110. The Central Bank of Sudan also issued internal controls for financial transfer companies in local currency (financial services offices) for 2014, which stipulate that the entities wishing to establish such offices should submit to the Banking System Regulation and Development Department at CBOS, documents requesting the establishment and licensing, which include criminal record that is no more than 3 months old.

111. Moreover, the Board of Directors of KSE issued "fit and proper" criteria that set mechanisms to identify founders of stock institutions and their employees as required. On the other hand, KSE issued Circular No. 3/2015/g pertaining to restructuring financial brokerage companies of 2015. Item 7-3 stipulated that the Director General of the brokerage company and his deputy shall have full competency and shall not have been declared bankrupt or convicted for a crime involving honor or trust.

112. Moreover, Article 44 of the Insurance Supervisory Authority Regulation requires the AML/CFT internal system to include, as a minimum, the application of inspection and investigation procedures on employee backgrounds to ensure that candidates have high efficiency standards and integrity when hiring them. This shall include verifying the criminal record (fingerprinting) and considering any other useful information to confirm the absence of any conflict of interest, dishonesty, or fraud.

113. However, there is still a need for the Insurance Supervisory Authority to issue measures for the criteria of holding or being the beneficial owner of a significant interest for insurance companies to ensure the prevention of criminals or their associates from holding or being the beneficial owner of a significant interest or holding a managerial function.

Deficiency 7: Inefficiency of the system of monitoring unofficial transfers, with the existence of a parallel exchange market (black market) to the official exchange market; where some natural individuals practice the activity of exchanging foreign currency with its equivalent of the local currency in order to make use of price differences from the official exchange market:

Deficiency 8: Ineffectiveness of the monitoring systems over Money or Value Transfer Service (MVTs) providers to monitor their compliance with AML/CFT requirements; the assessors noticed the irregularity of inspections of all financial service offices and the Sudanese Post Company, and unavailability of information about monitoring the leasing companies:

114. Authorities stated that the Central Bank of Sudan, in the framework of its efforts to control the phenomenon of dealing outside the official channels, organized meetings with money or value transfer service providers under the subject of a mechanism to regulate foreign currency market. This meeting aims at monitoring the daily exchange rate, the irregularities affecting the exchange rate, and how to address them. Furthermore, the Central Bank of Sudan issued a statement dated October 7, 2013 that aims to facilitate and simplify procedures for the use of current accounts and investment and savings deposits in foreign currency. On the other hand, the Central Bank allowed owners of current accounts in foreign currency to withdraw any amounts in cash in the currency by which the account was opened or by any other convertible foreign currencies. The Bank also allowed, through the abovementioned statement, the holders of the current foreign-currency accounts to withdraw the amounts in cash from their accounts without paying any fees for that service. The statement indicated other procedures focusing on encouraging the public to deal in foreign currency within the banking channels, in order to reduce the parallel market phenomenon.

115. In addition, the authorities stated that the Central Bank of Sudan conducted inspection on exchange and financial service companies regarding general policies, requirements specific to compliance officers, customer identification and their identity verification procedures, and other requirements. The violating companies were referred to the Sanctions Committee. Inspection statistics in this area will be covered below.

Deficiency 9: Absence of a study on the risk level related to FIs other than those subject to the basic principles, and absence of monitoring or supervision on them for AML/CFT purposes:

116. Authorities stated that leasing companies and Sudan Company for Financial Services are subject to monitoring and supervising for AML/CFT purposes; the Sudanese authorities formed a supreme committee for national risk assessment, taking into account the study of risks related to such companies.

Deficiency 10: Insufficiency of statistical data that explain the status of FIs in each sector concerning AML/CFT inspection and its findings:

117. According to Article 4 of AML/CFT Law of 2014, the monitoring and supervisory entities are responsible for monitoring the affiliated financial and non-financial institutions activities or those that are located in the scope of its competence and supervision to ensure their compliance with the stipulated law provisions according to the law regulating each of these entities. Without prejudice to the generality of the foregoing, they shall have the following competences and authorities:

- 1) Verifying the compliance of the financial and non-financial institutions subject to their supervision and monitoring with the obligations stipulated by virtue of this law. They may use all their monitoring or supervisory authorities in this regard. They are required to notify the FIU if they found, while undertaking their responsibilities, some facts that may be related to ML/FT crimes or predicate offenses.
- 2) Developing inspection procedures, and techniques and standards of following up and monitoring the compliance of financial and non-financial institutions with the AML/CFT requirements according to the provisions of this Law.

118. In order for the monitoring and supervisory entities to exercise the functions and powers assigned to them according to Article 4 of AML/CFT Law of 2014, the Central Bank of Sudan, the Insurance Supervisory Authority, and the KSE issued a guide for the inspections missions.

119. Hereinafter are the statistics that explain the status of FIs in each sector with regards to AML/CFT inspection and its findings:

Table 16: Offsite and Onsite Inspection Conducted by Central Bank of Sudan on Banks

| Year | No. of Banks | No. of Offsite Inspection Programs | No. of Banks where On-Site Inspection was Conducted | Inspection Results |
|------|--------------|------------------------------------|---|---|
| 2013 | 37 | 37 | 34 | The banks non-compliant with the rectification of their stances and submission of regular reports were warned; in addition to referring some of them to the committee for administrative and financial sanctions. |
| 2014 | 37 | 37 | 36 | |
| 2015 | 37 | 37 | 34 | The banks non-compliant with the rectification of their stances and submission of regular reports were warned; in addition to referring some of them to the committee for administrative and financial sanctions. |

120. By virtue of table 16 above, the authorities stated that the inspection on banks for 2013, where 34 banks were inspected, resulted in 9 partially compliant. Such banks did not comply with some of the Central Bank instructions with regards to AML/CFT regulations and a written warning was directed to them, in addition to fines. In 2014, the on-site inspection was conducted on 37 banks, among which 3 banks were partially compliant. An order was directed to these banks to comply with certain measures within a certain period, in

addition to imposing fines on some of them. The banks were also required to submit regular reports showing how they addressed the violation. In 2015, the Central Bank of Sudan conducted an on-site inspection on 34 operating banks. The inspection focused on checking the application of CDD measures and the risk assessment whether they were customer risk, geographic risk, or product risk. It is noteworthy that In 2015 the Central Bank of Sudan took measures against the executive management of a bank which discharged and banned assistant director-general and employees from the same bank. Hereinafter are statistics showing the penalties imposed on the violating banks:

Table 17: Statistics Showing the Penalties Imposed on the Violating Banks

| Year | Imposed Penalties | No. of Banks |
|------|--|--------------|
| 2013 | Written warning about the violation | 6 |
| | Order on the compliance with specific procedures | 2 |
| | Order to submit regular reports | 3 |
| 2014 | Written warning about the violation | 0 |
| | Order on the compliance with specific procedures | 3 |
| 2015 | Written warning about the violation | 6 |
| | Order on the compliance with specific procedures | 2 |
| | Order to submit regular reports | 1 |
| | Discharging the executive management | 1 |
| | Boards of inquiry | 3 |

121. The statistics of the on-site and offsite inspections carried out by the supervisory authorities on exchange companies, financial service offices, leasing companies, financial brokerage companies, and insurance and reinsurance companies are as follows:

Table 18: Offsite and On-Site Inspection Conducted by the Central Bank of Sudan on Exchange Companies

| Year | No. of Companies | No. of Offsite Inspection Missions | No. of Companies where On-Site Inspection was Conducted |
|------|------------------|------------------------------------|---|
| 2013 | 23 | 22 | 22 |
| 2014 | 23 | 23 | 23 |
| 2015 | 23 | 21 | 17 |

122. By virtue of table 18 above, the authorities stated that the inspection on exchange companies of 2013, where 23 companies were inspected, resulted in 2 non-compliant companies and 7 partially compliant companies. These companies received a written warning, in addition to imposing a fine on some of them and directly ordering them to comply with certain measures. In 2014, the on-site inspection was conducted on 23 companies, which resulted in 3 partially compliant companies. An order was directed to these companies to comply with certain measures within a certain period and a fine was imposed on some of them, in addition to sending a warning to one company on withdrawing the license. Whereas in 2015, inspection tours in the AML/CFT field were carried out by the Central Bank of Sudan on exchange companies. The inspection results focused on warning and ordering these companies to submit regular reports, in addition to complying with certain procedures/measures.

Table 19: Offsite and On-Site Inspection Conducted by the Central Bank of Sudan on Financial Service Offices

| Year | No. of Offices | No. of Offsite Programs | No. of Offices where On-Site Inspection was Conducted | Inspection Results |
|------|----------------|-------------------------|---|---|
| 2013 | 9 | 8 | 8 | The companies non-compliant with rectification of their stances and submission of regular reports were warned, in addition to referring some of them to the committee for administrative and financial sanctions. |
| 2014 | 9 | 9 | 9 | |
| 2015 | 9 | 14 | 6 | The companies non-compliant with rectification of their stances and submission of regular reports were warned, in addition to referring some of them to the committee for administrative and financial sanctions. |

123. By virtue of table 19 above, the authorities stated that the inspection on financial service offices for 2013, which included inspecting 9 financial offices, resulted in one non-compliant office and 7 partially compliant offices. Written warnings were issued for these offices, in addition to directly ordering them to comply with certain measures, and imposing a fine on some of them. In 2014, the on-site inspection report stated the non-compliance of one office. The office received an order to comply with certain measures within a certain period, in addition to imposing a fine thereon. Whereas, the Central Bank of Sudan conducted an on-site inspection in 2015 on 6 financial service offices; the offices complied with implementing the CDD measures, issued internal policies and controls, and classified their customers based on the risks. In addition, the non-compliant companies were notified and received warnings with the aim of enhancing the compliance level.

Table 20: Offsite and On-Site Inspection Conducted by the Central Bank of Sudan on Leasing Companies

| Year | No. of Companies | No. of Offsite Inspection Programs | No. of Companies Which Underwent the On-Site Inspection | Inspection Results |
|------|------------------|------------------------------------|---|---|
| 2013 | 2 | 2 | 2 | The companies non-compliant with rectification of their stances and submission of regular reports were warned, in addition to referring some of them to the committee for administrative and financial sanctions. |
| 2014 | 2 | 2 | 2 | |
| 2015 | 2 | 4 | 1 | The company was required to correct their violations within one month. |

124. According to table 20 above, the authorities stated that the inspection conducted by the Central Bank of Sudan on leasing companies in 2013, which included inspecting two companies, resulted in finding one company non-compliant while the other one was partially compliant. These companies were ordered to comply with certain measures and they received a final warning for compliance. This is in addition to warning them regarding the necessity of rectifying their stances and obligating them to submit regular reports. A fine was imposed on one company. In 2014, the inspection on such companies found no violations. Whereas in 2015, only one company was inspected and was requested to correct its violations within one month.

Table 21: Offsite and On-Site Inspection Conducted by the KSE on Financial Brokerage Companies

| Year | No. of Companies | No. of Offsite Inspection Programs | No. of Onsite Visits | Inspection Results |
|------|------------------|------------------------------------|----------------------|--|
| 2013 | 43 | 43 | 36 | 16 companies of a total number of companies were partially compliant; 10 companies were verbally warned, and 6 companies received a written warning to rectify their stances and submit regular reports in this regard. |
| 2014 | 42 | 42 | 20 | 9 companies were non-compliant; a written warning was issued to 4 companies, in addition to drawing the attention of 5 companies and obligating them to rectify their stances during a certain period and submit regular reports in this regard. |
| 2015 | 43 | 43 | 16 | 4 non-compliant companies received a written warning. KSE also withdrew the license of 4 financial brokerage companies, as they did not comply with the appointment of a compliance officer of a certain administrative level ⁴ . |

⁴Within the framework of the program for reconciliation of companies operating in stock field; companies were required to follow a certain program, but they did not comply with such program, including the appointment of a compliance officer of a certain administrative level.

Table 22: Offsite and On-Site Inspection Conducted by Insurance Supervisory Authority on Insurance Companies

| Year | No. of Operating Companies | No. of Companies where Offsite Inspection was Conducted | No. of Companies where On-Site Inspection was Conducted | Inspection Results |
|------|----------------------------|---|---|---|
| 2013 | 14 | 14 | 0 | Non-compliant companies were warned to rectify their stances, in addition to imposing some penalties on them. |
| 2014 | 14 | 14 | 14 | |
| 2015 | 14 | 14 | 14 | Non-compliant companies were warned to rectify their stances, in addition to imposing some penalties on them. |

R26: Rating (PC)

Deficiency 1: The FIU did not show sufficient practical independence until now and did not perform its tasks effectively

125. FIU performs its work as a legal independent entity by virtue of AML/CFT Law of 2014, Chapter IV, Article 12. This Article stipulated the competences of FIU as the only center to receive, request, and analyze the STRs and information pertaining to ML/FT. The FIU has also the authority to request information from any financial or non-financial institution to carry out its job or upon the request received from counterpart foreign entities, and shall require the reporting entities to provide such information within the period it specifies. Moreover, the FIU has the authority to request additional information from the competent authorities and the independence to refer the information and the analysis results immediately to the Public Prosecution or competent authorities, when there are sufficient reasons to suspect that ML, predicate offenses or FT were committed so that they take the necessary measures; in addition to other competences.

126. By virtue of Article 13 (2) read in conjunction with Article 23 (k) and Article 30, the FIU was granted an independent budget which is prepared by the FIU, approved by the National AML Committee, and provided by the Central Bank. The budget of the first half of 2014 was already approved (directly after passing the law). The FIU budget for 2015 was approved and spending started upon the approval from the Head of FIU. Then the FIU budget for 2016 was approved.

127. Moreover, the Law granted the FIU, by virtue of Article 14 (h), the authority to issue regulations that regulate its operational framework. The FIU issued the operational regulations such as FIU Work procedures Manual and FIU operational forms which are reviewed by IMF technical assistance team. Furthermore, the FIU structure was completed by full-time, recruited, and mandated employees. The FIU approved the organizational structure reviewed by IMF technical assistance team. The FIU receives suspicious reports from financial and non-financial institutions and all reporting entities, analyzes them, and

collects related information. After analyzing the suspicious cases, the FIU refers them to the AML/CFT special prosecutor.

Deficiency 2: Absence of adequate financial analysis of the STRs received by the FIU:

128. By issuing the new law according to Article 14 (h), the FIU approved the organizational structure and the name was updated and amended to “Analysis and Information Division” as a specialized financial analysis division of the suspicious transactions that the FIU receives, in order to implement Article 14, 16, and 6 (1/c). The authorities indicated that the Division was supported with highly experienced employees who have high academic degrees in financial analysis field; (5 experts) who hold Master of Economics and Law, are CAMS and CCO certified, and have advanced experience in financial analysis. The structure of the FIU was completed with full-time and appointed employees.

129. A division was established for IT in order to electronically link the FIU with all competent authorities and compliance officers. Suspicious transactions reports started to be reported electronically, and the guides issued by the Unit on ML/FT methods and the forms of reporting to the FIU are updated according to the law. Moreover, the division undertakes its tasks in collecting and analyzing information, since the FIU has approved the work guide of the Information and Analysis Division.

Deficiency 3: Insufficient employees in the FIU, specially that some of them are part-time employees:

130. In 2015, 19 full-time employees have been recruited to the FIU and distributed across FIU departments. This is in addition to 6 seconded employees from other entities. The Sudanese authorities indicated that the FIU seeks in its plans for the coming years to implement the gradual replacement of the seconded employees, so that all the employees working at the FIU become full-time employees according to the conditions of the service authorized by the National AML/CFT Committee.

Deficiency 4: The reporting regulations and guidelines submitted by the FIU to the reporting entities are insufficient and contradict with some of the law provisions. It should provide more ideas on how to detect suspicious transactions:

131. The guidelines issued by the FIU related to ML/FT methods and how to report to the FIU according to the law have been updated. Besides, reporting forms and data application forms submitted to the entities, and additional data forms (names of the forms) have been updated with IMF technical assistance and were put into action. The FIU made reports including ML methods and trends in Sudan, in addition to reports to the monitoring and supervisory entities including ML methods and trends in FIs to be used as a guide when setting plans for on-site inspections on the institutions subject to their supervision.

Deficiency 5: Absence of periodic reports issued to the reporting and public entities including the ML/FT typologies and trends in Sudan and information on the FIU activities:

132. The FIU issued two (biannual) reports including ML typologies and trends in Sudan. Besides, the FIU issued two (biannual) reports on "Sudan's Efforts in AML/CFT Field". This

is in addition to two other (biannual) reports issued to the monitoring and supervisory entities including ML typologies and methods in FIs. Such reports were made in order to be used as a guide while setting on-site inspection plans on the institutions subject to their supervision.

Deficiency 6: Insufficiency of training FIU employees on ML/FT:

133. The authorities stated that the FIU adopted a practical methodology in the training field in 2005, as the FIU delegated a number of employees in June 2015 to identify the counterpart FIU experiences; 4 employees visited EMLCU in the Arabic Republic of Egypt and they have identified the experience of national risk assessment and financial analysis and the process of joining Egmont group. In April 2015, on the sidelines of the Plenary Meeting held in the Sultanate of Oman, 4 employees visited the FIU of Sultanate of Oman. The visit focused on the techniques of financial analysis adopted by the FIU of Sultanate of Oman and the technical solutions adopted by Oman FIU in AML. In October 2015, the FIU has also delegated 4 employees to the Financial Intelligence Directorate in the Kingdom of Bahrain to identify the Kingdom's experience in AML field. Moreover, the FIU hosted the National Forum on AML/CFT organized by the European Union. Many FIUs have participated in the forum, mainly: Egypt, Ethiopia, Kenya, Djibouti and Mauritius.

134. The Authorities pointed out the efforts made by the FIU within the framework of enhancing the employees training in AML/CFT field, particularly in financial analysis. The FIU participated in several training events, workshops, and external conferences listed in the following tables:

Table 23: Training Courses and Workshops in which the FIU Participated

| Program | Period | Venue | Participants |
|--|---------------|----------------------|--------------|
| ML Courses | 15-19/6/2014 | Jordan | 1 |
| IT Course | 21-25/6/2014 | Jordan | 2 |
| AML Courses | 22-26/6/2014 | Jordan | 2 |
| Organized Transnational Crime | 25-27/8/2014 | Sudan | 35 |
| Criminal Investigation in ML and FT Crimes | 30/8/2014 | Ethiopia | 3 |
| The Legal Frameworks for CFT in Africa | 8-9/9/2014 | Sudan/IGA D Group | 36 |
| National Risks of ML Crimes | 22-23/9/2014 | Lebanon | 4 |
| AML Crimes Course | 19-23/10 | Jordan | 2 |
| Electronic Technology Training Course | 19-23/10/2014 | Jordan | 2 |
| Training Session on Cybercrimes | 14-18/10 | Nairobi | 5 |

| | | | |
|--|---------------|-----------|----|
| Natural Risk Assessment Training Course – IMF Center in Kuwait | October 2015 | Kuwait | 1 |
| Qualifying and Training Assessors - Abu Dhabi MENAFATF in Coordination with the AMLSCU in UAE and Asia and Pacific Group | 4-8/10/2015 | Abu Dhabi | 2 |
| Capacity Building and Typologies Workshop | December 2015 | Khartoum | 13 |

Table 24: Regional Meetings in which the FIU Participated

| Course or Participation | Period | Venue | Participants |
|---|----------------|----------------------------------|--------------|
| MENAFATF 19 th Plenary Meeting | 14 - 18/6/2014 | Bahrain | 10 |
| Countries Self-Assessment | 28 - 29/9/2014 | Bahrain | 2 |
| Targeted Review Meeting | 17-18/9/2014 | Ethiopia | 3 |
| MENAFATF 20 th Plenary Meeting | 2014 | Bahrain | 8 |
| MENAFATF 21 st Plenary Meeting | 2015 | Muscat | 10 |
| MENAFATF 22 nd Plenary Meeting | 2015 | Bahrain | 10 |
| ICRG Meeting | 2013/2014/2015 | Ethiopia, Italy, Zimbabwe, Kenya | 6 |
| National Forum on AML/CFT Organized by the European Union | October 2015 | Uganda | 1 |
| National Forum on AML/CFT Organized by the European Union | November 2015 | Khartoum | 15 |
| Typologies and Corruption Projects | November 2015 | Qatar | 1 |

Table 25: Training FIU Employees at Counterpart FIUs

| Course or Participation | Period | Venue | Participants |
|--|--------------|-------------------|--------------|
| Visit to the EMLCU - FIU – Arabic Republic of Egypt | June 2015 | Cairo | 4 |
| Visit to Financial Intelligence Directorate – Kingdom of Bahrain | October 2015 | Bahrain | 3 |
| Visit to FIU – Muscat | April 2015 | Sultanate of Oman | 4 |

Deficiency 7: Insufficient maintenance and protection of information received by the FIU:

135. Authorities stated that the FIU has moved to a new office equipped with safety requirements and standards. This is in addition to securing data and documents; the information security policy has been updated and the electronic security policy has been applied in order to maintain and secure the data and documents in a fireproof safe. Besides, the Authorities indicated that surveillance cameras have been installed in all exits and

entrances of the FIU building. Moreover, police guards have been provided in order to secure the building throughout the day.

136. On the other hand, Article 9 of AML/CFT of 2014 requires financial and non-financial institutions to respect the confidentiality of information. This Article banned such institutions, their managers, and employees from disclosing, directly or indirectly and by any means, to any person that a report was or will be submitted to the FIU, according to the STRs requirements provided for in this law, or from disclosing any information related to the FIU or any investigation in ML/FT crimes.

137. Article 19 of the Law requires the employees to maintain the confidentiality of the information they have access to during their work and after the end of their service at the FIU; such information shall be used only for the purpose of executing the provisions of this law.

138. Article 38/3 provided for penalizing managers, board members, owners, delegated representatives, or employees of financial and non-financial institutions if they, deliberately or with gross negligence, breach the confidentiality of information on the reports which were or will be sent to the FIU (by virtue of Article 9) and the obligation of FIs to report to the FIU when suspecting or have reasonable grounds to suspect that the funds are proceeds of transactions or any attempt related to ML or TF (by virtue of article 6/c) and the requirements of article 14/b on the obligation to provide the FIU with the information it requests or which would help it perform its tasks or the work of a counterpart foreign FIU that has requested such information from the unit. Such persons shall be penalized by imprisonment for a period not less than 6 months and not more than 3 years, payment of a fine not less than 10,000 Sudanese pounds and not exceeding 100,000 Sudanese pounds, or by both penalties. In the event of repetition of such violation, the fine shall be doubled.

139. Article 38/5 stipulated penalizing each person who deliberately violates Article 19 (related to the respect of FIU employees with the confidentiality requirement during the period of their service at the FIU) by imprisonment for a period not less than 6 months and not exceeding 3 years, payment of a fine not less than 10,000 Sudanese pounds and not exceeding 100,000 Sudanese pounds.

R35: Rating (PC):

Deficiency 1: Vienna and Palermo Conventions are not sufficiently implemented:

140. The new AML/CFT Law of 2014 considered the implementation of Vienna and Palermo Conventions in the provisions related to AML/CFT; especially criminalizing ML/FT, the definitions included in the two Conventions, and other provisions.

Deficiency 2: Inadequate implementation of the provisions of TF convention:

141. Sudan addressed the deficiencies pertaining to this recommendation by implementing FT Convention to include TF criminalization and defining the terrorist organization and the terrorist act in AML/CFT Law of 2014. Besides, the FIs and other businesses are required to use the available measures to identify regular and occasional customers, as well as the identities of customers for whom accounts are opened. Moreover, FIs and other businesses shall pay special attention to the unusual or suspicious transactions and report the

transactions suspected to be proceeds of criminal activity, as well as prohibit systems and measures which ban opening accounts whose owner or beneficial owner is anonymous or whose identity is unverifiable, and setting the procedures of identifying the beneficial owner. Besides, the law obligates the reporting entities to immediately report large, complex, and unusual transactions to the competent authorities, as well as the unusual patterns of transactions which do not have an apparent economic or legal purpose. This is in addition to obligating insurance companies to maintain the necessary records related to transactions and set bases for the requests of mutual legal assistance and identifying the provisions related to extradition and the implementation of the Convention. Hence, addressing the deficiencies pertaining to implementing the provisions of TF Convention sufficiently will positively affect the progress of international cooperation in the issues requiring dual criminality.

R36 and SRV: Rating (PC):

Deficiency 1: The international cooperation process faces obstacles as there is no legal framework which regulates the mutual legal assistance. Besides, the law imposes, as a general rule, that the coordination requests issued by other countries shall not be implemented unless according to specific conditions:

142. Article 33 of the new Law stipulated the international cooperation and legal assistance, in terms of exchanging international cooperation requests between Ministry of Justice and the counterpart foreign entities according to the national provisions, and bilateral and multilateral agreements that Sudan has signed, or according to the principle of reciprocity in legal assistance requests; judicial rogatory in ML/FT crimes and predicate offenses; extradition requests of accused and convicted in ML/FT crimes. This is in addition to tracing, identifying and confiscating funds and tools; and executing the provisions of confiscation.

143. The Minister of Justice issued rules for procedures of international cooperation which entered in force on 21 December 2014 after signing them. Such rules considered the Ministry of Justice as the central authority responsible for the international cooperation in criminal matters related to AML/CFT crimes and predicate offenses. By virtue of such rules, all requests related to the international cooperation sent to Sudan shall be submitted to the Public Prosecutor's Office. Moreover, such rules have set the mechanisms of correspondence for police departments requests, types of international cooperation, the request content and type, and other provisions and rules explaining and assisting the process of mutual international cooperation.

Deficiency 2: No evidence on offering legal assistance with respect to designating, freezing, seizing, or confiscating assets intended to be used in TF, as well as the instrumentalities used to commit such crimes:

144. This was stipulated in Article 36 (criminalizing TF) read in conjunction with Article 33 (1/a) on legal assistance requests and judicial rogatory letters in ML/FT crimes and predicate offenses. The Law procedures clarified the procedure related to international cooperation which were issued by the Minister of Justice in 2014. Such rules included submitting requests with regards to international cooperation in ML/FT crimes and predicate offenses including inspecting, seizure and freezing orders of the laundered properties. However, it is not clear for the Secretariat the procedures taken by Sudan in international cooperation related to the properties intended to be laundered and the instrumentalities used in

committing such crimes and confiscating properties of corresponding value, as required by Palermo Convention.

Deficiency 3: Absence of comprehensive statistics on the number of legal assistance requests in ML investigation, prosecutions, and other procedures:

145. The Sudanese authorities have provided the Secretariat with the statistics related to the extradition of convicted for the years 2013 – 2015 (below are the statistics of the extradition of convicted and is not only related to ML) in a way reflecting the number of the incoming requests and how the competent authority has reacted to the requests, and how the extradition requests were made and transfer made to the Interpol and its legal situation. These statistics are as follows:

Table 26: Statistics on Extradition and Transfer of 2013, 2014 and 2015

| | 2013 | 2014 | 2015 |
|--|-------|------|-------|
| Incoming | 29 | 54 | 56 |
| To Interpol (to Execute Imprisonment Orders) | 17 | 24 | 39 |
| At the Minister Office (To Be Signed) | 1 | 2 | _____ |
| Letters to Gather More Information | 5 | 12 | 11 |
| Transfer to the Court for Investigation | 1 | 4 | _____ |
| Ministry of Foreign Affairs (Reply to the Country Submitting the Request) | 1 | 3 | 2 |
| Public Prosecutor's Decision | 2 | 1 | 2 |
| Suspending the Search | _____ | 3 | _____ |
| Minister's Decision | 2 | 2 | _____ |
| Dismissed | _____ | 2 | 1 |

Deficiency 4: Absence of a legal base to coordinate the confiscation measures:

146. The legal provision in Article 36 (criminalizing TF) read in conjunction with Article 33 (1/a) stipulated the legal basis of the legal assistance requests and judicial letter rogatory in ML/TF crimes and predicate offenses. The Article's procedures were explained in the rules of international cooperation procedures issued by the Minister of Justice in 2014 for coordinating the confiscation procedures and particularly in Article 15 of the rules that explain the procedures of referring the confiscation order to Sudan and the following judgments of requesting evidence and investigation procedures to obtain the evidence.

Deficiency 5: No consideration for establishing an asset forfeiture fund:

147. The authorities stated that the President of National Committee issued a decision to establish a fund. An account was opened at the Central Bank of Sudan in 2014 in a manner that goes in line with the requirements of the law.

Deficiency 6: Deficiencies pertaining to R1 affect the rating of this recommendation:

148. Article 35 of the AML/CFT Law of 2014 provided for criminalizing ML according to the requirements of Vienna and Palermo Conventions including the required ML forms of criminalization such as concealing or disguising the true nature of the properties, source, location, disposition, movement, or rights related to funds. The legal provision was issued according to the stipulation of the two Conventions of ML forms without linking them to a certain technique, but linking them to the actions of transferring or moving properties for a special purpose, namely concealing or disguising the source or helping someone to evade the legal consequences of committing predicate offenses. Such issues were addressed by the Sudanese Law. Accordingly, the definition is consistent with Vienna and Palermo conventions as it included all forms of ML, which reflects a positive side on R36.

R40: Rating (PC):

Deficiency 1: Lack of clarity in the scope of powers and the efforts of competent authorities in AML/CFT (other than FIU), such as law enforcement authorities, prosecution authorities in international cooperation and the extent of their powers in automatically exchanging information with equivalent entities, and the authority of conducting investigations on behalf of the counterpart foreign entities (in addition to the rest of R40 requirements):

149. Sudan addressed most of the deficiencies pertaining to this recommendation by stipulating the authority of supervisory and monitoring entities to coordinate and exchange information with the counterpart foreign entities regarding ML/TF. The law stipulates granting the FIU the power to request information on behalf of the counterpart foreign entities whether through reporting institutions or other competent authorities. Moreover, Article 33 of ML/TF Law of 2014 stipulated that Ministry of Justice may exchange the international cooperation requests with counterpart foreign entities according to the national regulations and bilateral and multilateral agreements ratified by Sudan, or according to the principle of reciprocity which includes the requests of legal assistance and judicial rogatory letters in ML/TF crimes and predicate offenses, extradition requests of accused and convicted in ML/TF crimes. This is in addition to the requests regarding tracing, identifying, and confiscating funds and instrumentalities; and implementing confiscation provisions. As it has already been mentioned, the Minister of Justice has issued the procedural rules necessary for regulating the procedures related to the abovementioned requests of international cooperation.

150. Besides, Article 4 of AML/CFT Law of 2014 stipulated the competence of the monitoring and supervisory entities on the activities of the affiliated financial and non-financial institutions, which are located in the scope of its competence and supervision to ensure their compliance with the provisions provided for in law according to the law regulating each of such entities. Without prejudice to the generality of the foregoing, they

shall have the competences and powers related to the cooperation and exchange of information with the competent entities and counterpart foreign entities concerned with AML/CFT.

151. On the other hand, Article 14 of AML/CFT Law of 2014 granted the FIU a number of competences and powers including requesting the competent authorities and administrative entities to provide additional information when deemed useful in order to perform their role, or based on a request received from a counterpart foreign FIU. The competent authorities shall provide the FIU with such information and documents within the period and by the means specified by the FIU. This is in addition to the ability of the FIU to ask any financial or non-financial institution for any beneficial information to perform their role or based on a request received from counterpart foreign entities. Such requests are submitted without prejudice to the provisions of Article 6 (3). Besides, the FIU obligated the financial and non-financial institutions to provide such information and documents within the period and by the means specified by the FIU.

152. In addition to the foregoing, the AML/CFT Law of 2014 granted AML/CFT National Committee, according to the provision of Article 23, a number of competences including the coordination with other national committees, foreign entities, and international organizations related to AML/CFT and proliferation of weapons of mass destruction.

153. The Authorities indicated that a number of monitoring and supervisory entities have entered into agreements with the counterpart foreign entities by virtue of the authorities granted to such entities as stipulated by the law provisions. The Central Bank of Sudan signed an MOU with the Central Bank of the Republic of Turkey which aims to set a strategy for financial inclusion and exchange banking information. Besides, the Bank signed an MOU with the Central Bank of Ethiopia. On the other hand, the KSE signed an MOU with Muscat Securities Market (MSM) and Misr for Central Clearing.

SRI: Rating (NC):

Deficiency 1: Insufficient implementation of the International Convention for the Suppression of the Financing of Terrorism:

154. By issuing AML/CFT Law of 2014, TF criminalization was drafted in accordance with the International Convention of the Suppression of the Financing of Terrorism. Besides, the terrorist, terrorist act and terrorist organization were defined according to the requirements of this Convention, in addition to the international cooperation procedures. Furthermore, article 34 of AML/CFT law of 2014 provided for the legal basis which regulates the implementation of UNSCRs 1267 and 1373. Accordingly, the President, in his capacity as the Prime Minister, has issued Decisions 360/2014 to form the technical committee as a legal mechanism for implementing UNSCRs, and Decision 358/2014 to implement Decision 1267, and Decision 359/2014 to implement Decision 1373.

Deficiency 2: Absence of mechanisms or procedures to implement UNSCRs 1267 and 1373:

155. Please refer to SRIII.

SRIII: Rating (NC)

Deficiency 1: Absence of a legal system governing the procedures of freezing funds and properties of persons whose names are designated by virtue of the UNSCR 1267:

Deficiency 2: Absence of effective laws and procedures for freezing funds or other assets proceeding from terrorism and belonging to the persons designated by virtue of UNSCR 1373:

156. Sudan addressed the deficiencies pertaining to these recommendations in Article 34 of AML/CFT Law of 2014 as a legal base regulating the implementation of UNSCRs 1267 and 1373 by stipulating that the Council of Ministers shall issue the decisions necessary to the implementation of UNSCRs related to ML/FT by virtue of Chapter VII on terrorism and terrorism financing. Pursuant to the requirements of the Law, the Council of Ministers issued a number of decisions concerning the implementation of UNSCRs 1267 and 1373; the most prominent among which was decision No. 360/2014 issued by the President, as the Prime Minister, to form a technical committee as the legal mechanism for implementing UNSCRs. Such committee is responsible for implementing all the obligations stated in UNSCRs; implementing Sudan's obligations stated by UN organizations and committees and regional and international organizations concerned with AML/CFT; and coordinating with the other concerned national committees. The committee is headquartered in the Ministry of Justice and it is responsible for its Secretariat. In addition, the Council of Ministers issued Decision No. 358/2014 to implement UNSCR 1267 and Decision No. 359/2014 to implement UNSCR 1373.

157. The decisions issued include a comprehensive mechanism for the implementation of UNSCR 1267 with regards to immediately freezing funds and assets belonging to persons and entities on the issued lists according to UNSCR of 1988 and Al-Qaida Sanctions List issued and amended by UN Sanctions Committee, as soon as it is published in the Official Gazette. The technical committee is responsible for publishing this list as soon as the lists and amendments are published. The technical committee may notify the financial and non-financial institutions, monitoring and supervisory entities, and the competent authorities of the publication of the lists and the amendments by the means it deems appropriate. Besides, the mechanism includes procedures with respect to the suggestions of persons and entities to be reported to the Sanctions Committee, and procedures for unfreezing the funds.

Deficiency 3: Absence of effective laws and procedures to study and implement the procedures taken by virtue of the freezing mechanisms in other countries:

158. The procedures of freezing funds and assets were stipulated by virtue of Decision No. 358 (for UNSCR 1267) and Decision No. 359 (for UNSCR 1373). Sudan has taken measures in order to implement the freezing without delay or prior notice to the persons. Decision No. 358 (for UNSCR 1267) in Article 1/8 stipulated that each person or financial or non-financial institution shall freeze the funds and the economic resources owned or managed by the listed person or the entity when the list is published in the Official Gazette.

159. With the exception of cases permitted by virtue of Article 12, no person or financial or non-financial institution may, totally or partially, provide funds, economic resources, financial services, or any other services related to such services, directly or indirectly, to or for the interest of any listed person or entity or any other person or entity working for them or acting on their behalf or under their guidance.

160. Besides, the Council of Ministers' Decision No. 359 (for UNSCR 1373), paragraphs 1 and 2 of Article 8, requires each person or financial or non-financial institution to freeze all the funds and economic resources owned or controlled by the listed person or entity when the list is published in the Official Gazette.

161. With the exception of cases stipulated in Article 14, no person or financial or non-financial institution may directly or indirectly provide funds, other financial assets, economic resources, or any other financial services to or for the interest of any listed person or entity or any other person or entity working for them or acting on their behalf or under the guidance of such person or entity.

Deficiency 4: Absence of evidence on the effectiveness of procedures related to freezing according to the UNSCRs:

162. Articles 6 and 7 of Decision No. 358 stipulated the procedures for distributing the lists among all entities. The technical committee shall publish any of the lists or their amendments in the Official Gazette as soon as they are issued. In addition, the technical committee may notify, by the means it deems appropriate, the financial and non-financial institutions, supervisory and monitoring entities, and other competent authorities about the publication of the lists and their amendments, according to the provisions of Article 6.

163. Article 12 of the Council of Ministers' Decision No. 359 (for UNSCR 1373) stipulated that the listed person or entity may request to be de-listed through a written request submitted to the technical committee. Such request shall explain the reasons supporting the request. The technical committee shall decide upon the mentioned request within 30 days of receiving it.

164. On the other hand, Article 13 of the Council of Ministers' Decision No. 359 (for UNSCR 1373) stipulated that the person who claims that he is not the person intended to be listed, may submit a request to the technical committee to issue a certificate clarifying that this person is not the one intended. The technical committee shall issue such certificate after conducting the necessary investigations and ensuring that this person is not the person intended to be listed within 30 days of receiving the request. If the technical committee decided to reject the issuance of the certificate by virtue of the aforementioned Article, it shall notify the applicant of its decision and reasons.

165. Article 15/2 of Decision No. 359 provides a mechanism through which the person or entity may challenge the freezing order. Besides, Article 13 of Decision No. 358 sets the procedures through which the persons subject to the freezing order may access their funds in order to obtain the necessary expenses.

F. Review of the Measures Taken in Relation to the other Recommendations Rated PC or NC.

R2: Rating (PC):

166. Sudan addressed the deficiencies pertaining to this recommendation. The law imposed sanctions on the natural and legal persons in the provisions of Article 41 of AML/CFT Law of 2014. The provisions stipulated the extension of the liability for legal persons, in addition to subjecting legal persons to administrative sanctions in the case of violating the requirements of the law by virtue of this Article.

R6: Rating (NC):

167. Sudan addressed most of the deficiencies pertaining to this recommendation. The definition of the politically exposed persons (PEPs) was amended to go in line with FATF definition and to include the local persons. Besides, all FIs are requested to set a risk management system to specify whether the customer or the beneficiary owner is a PEP and to identify the number of procedures required by the FI, including obtaining the institution senior management approval before establishing a business relationship. The financial and non-financial institutions shall set a risk management system, by virtue of Article 6 paragraph 1 of AML/CFT Law of 2014, to specify if the beneficial owner is a PEP. If the PEP is a foreigner, financial and non-financial institutions shall obtain the institution's senior management approval before establishing or continuing in a business relationship with such person. This is in addition to taking the necessary procedures to identify the source of the wealth and funds of such person and conduct an enhanced ongoing monitoring on the business relationship. Such obligations are applied to a local PEP or a high-ranked person who has a prominent function or position in an international organization, in addition to the close family members and acquaintances of such PEPs.

168. Chapter V of AML/CFT regulation for the companies operating in the securities sector and Insurance Supervisory Authority Regulation of 2015 indicated cases that require special procedures when dealing with PEPs, in addition to the CDD measures mentioned in Article 8 of these regulations, companies shall take special measures when dealing with Politically Exposed Persons and shall set an appropriate risk management system that would identify whether the customer or the beneficial owner is a PEP. Such system shall include at least a number of procedures including a declaration from the client or the beneficial owner including relevant information, verifying the available information on the customer and beneficial owner and searching the electronic data for the PEP, when available. If it is proven that the customer or the beneficial owner is a PEP, the company shall obtain the company's senior management approval before establishing or continuing in a business relationship with such person. This is in addition to taking the necessary measures to identify the source of the customer's wealth and funds and conducting an enhanced ongoing monitoring on the business relationship to prove whether the transactions seem to be suspicious or unusual if the customer is a foreigner who has/had a public prominent position in a foreign country. On the other hand, if the customer is a local politically exposed person or a high-risk person who has or had a prominent job in Sudan or in an international organization, the stipulated procedures shall be applied to them. Such procedures include a declaration request from the customer and the beneficial owner that takes account of the relevant information. In addition to applying the same procedures regarding the PEPs on the person's family members and acquaintances.

R7: Rating (PC):

169. Sudan addressed the deficiencies pertaining to this recommendation. The Central Bank's circular obligated banks, exchange companies, and transfer companies to evaluate the controls used by the principal correspondent institution for AML/CFT purposes and ensure the efficiency and sufficiency of such controls. The circular also obligated such companies and institutions to determine if the correspondent institution or any of its board members or owners of controlling interest were subject to ML/TF investigation or any regulatory procedure in this regard. Besides, the circular stipulated that the institutions shall document the AML/CFT responsibilities in each institution with regards to correspondent banking relationships.

170. Item 4 of the Central Bank of Sudan's Circular No. 8/2014 stipulated that institutions shall take CDD measures when establishing a correspondent banking relationship with the respondent institution. Such measures include gathering sufficient information on the respondent institution in order to fully understand the nature of its activity, and to determine from publicly available information the reputation of the institution and the quality of the supervision, including whether the respondent institution or any of its board members or owners of controlling interest have been subject to ML/TF investigation related or any regulatory action.

R8: Rating (NC)

171. Sudan addressed the deficiencies pertaining to this recommendation by requesting FIs to assess ML/TF risks to which they are exposed including the risks of new products and technology. The circular issued by the Central Bank requires the subjected entities to take measures to manage and mitigate risks. Besides, the regulations issued by the Insurance Supervisory Authority requires the subject institutions to take measures to manage and mitigate risks.

172. Paragraph 47 of the Central Bank of Sudan circular No. 8 of 2014 and paragraph 33 in Insurance Supervisory Authority Regulation of 2015 and KSE of 2015 requires the concerned institutions to specify, evaluate, and apply such circulars and regulations by the appropriate procedures in order to manage and reduce ML/FT risks which may arise by developing new products and professional practices, including new methods of providing services or using new technologies or technologies under development with respect to all new and existing products.

R9: Rating (PC):

173. Sudan addressed the deficiencies pertaining to this recommendation. Paragraph 10 of KSE Regulations of 2015 and AML/CFT Regulation for the companies operating in the insurance sector of 2015 requires the institutions relying on third parties in applying CDD measures to immediately obtain the necessary information related to CDD measures, take the necessary action to ensure that the copies of important data and documents related to CDD measures are always available upon request, and keep them for five years in accordance with the requirements of the Regulations. The final liability shall rest with the institutions relying on third parties in validating customer data, and the third parties shall be subject to AML supervision and control. Moreover, the regulations of insurance companies requires companies to obtain the necessary information related to CDD measures and ensure that the

identification data and its copies and other related documents are always available at the third parties and that they are kept for the period specified by the Law. Besides, companies shall ensure that third parties are subject to monitoring and regulation according to the provisions in force, especially with regards to AML/CFT, and ensure that the countries where third parties are located sufficiently apply FATF recommendations.

R11: Rating (NC): R21: Rating (NC)

174. Sudan addressed the deficiencies pertaining to this recommendation. The Central Bank's circular, KSE Regulations, and AML/CFT Regulation of 2015 for the companies operating in insurance requires FIs to pay special attention to the unusual transactions, check their background, record the results in writing, and make the results available for the authorities and auditors for at least five years. The Regulations issued by monitoring entities stipulated that FIs shall pay special attention to transactions conducted with persons from or in countries that do not implement or insufficiently implement FATF recommendations, record such findings in writing, and take adequate countermeasures with the countries which continue to insufficiently implement FATF recommendations by limiting business relationship with them and considering ending the business relationship. Besides, Sudan has established effective measures and procedures to ensure the awareness of FIs regarding the issues related to weakness of AML/CFT systems in other countries.

R12: Rating (NC)

175. Sudan addressed the deficiencies pertaining to this recommendation by requiring the non-financial institutions (real estate agents, dealers in precious metal or precious stones, lawyers and accountants, companies establishing and managing services, and any other activity stipulated by the Minister of Finance) to undertake CDD measures, identify and verify their customers, evaluate the risks they are facing, provide the records and information to the competent authorities, and provide entities which monitor and supervise some of these non-financial institutions (real estate agents and dealers in precious metal and precious stone).

176. The Minister of Finance and National Economy issued Decision No. 80/2014 dated 31/10/2014 which identifies the Ministries of Finance, Ministry of Manpower, Consumer Protection, and the General Directorate of National Trade as monitoring and supervisory entities on the trade of real estate and dealers of precious metals and precious stones in AML/CFT field in addition to the previous entities specified in the abovementioned Decision. Based on Articles 5 and 6 of the Law and the two aforementioned Decisions, there are designated supervisory entities on non-financial institutions; accordingly, such entities have the monitoring and supervisory authorities stipulated by the law including issuing regulations and controls which regulate their work in this area.

177. On the other hand, the Ministry of Finance, Manpower and Consumer Affairs issued on 23 September 2015 a circular including AML/CFT controls. The circular included a number of items that require undertaking CDD measures and procedures to identify natural and legal persons and Politically Exposed Persons in addition to maintaining the records and documents.

R15: Rating (PC):

178. Sudan addressed the deficiencies pertaining to this recommendation; the law requires FIs to set internal systems including internal policies, procedures, and measures of supervision, compliance, hiring, training, and auditing in accordance with the controls set by the competent entities according to the activity of each one and the degree of ML/FT risks. The circular issued by the Central Bank included details on the internal systems required by the FIs subject to the supervision of the Central Bank and their inclusion in the internal systems. This is in addition to the provision of Chapter VIII of AML/CFT Regulation of 2015 for the companies operating in insurance field in paragraph 44, which requires that the AML/CFT internal systems in insurance companies include, at least, retaining and updating documents and records.

R16: Rating (NC)

179. Sudan addressed some of the deficiencies pertaining to this recommendation by requiring the non-financial institutions to inform the FIU when they suspect or have reasonable grounds to suspect the proceeds, transactions, or attempted transactions related to ML/FT; and set internal systems that include internal policies and systems for monitoring, hiring and training. Besides, the current law sets some obligations on FIs (real estate agents, dealers in precious metal and precious stone, lawyers, and services of establishing and managing companies). However, the entities supervising such sectors did not issue any instructions including such requirements and obligations imposed on such companies. This includes dealing with business relationships and transactions conducted with countries or in countries that do not implement or insufficiently implement FATF recommendations.

R17: Rating (PC):

180. Sudan addressed the deficiencies pertaining to this recommendation by setting the appropriate framework of sanctions stated in AML/CFT Law of 2014 which may be applied on financial and non-financial institutions according to what was stipulated by the provisions of Articles 38 and 41 of the Law by granting the monitoring and supervisory entities the authority to impose administrative sanctions on any financial or non-financial institution or any board members or executive and supervisory board members or their managers in the case of violating the provisions stipulated in the law or regulations issued by virtue of the law, ministerial decisions, circulars, or instructions which include a wide range of sanctions that may be imposed varying from a written warning to withdrawing the license.

181. Article 56 of AML/CFT Regulation for the companies operating in the insurance field indicated, based on AML/CFT Law of 2014, that the Insurance Supervisory Commission is capable of imposing fines on insurance companies in the case of violating the abovementioned provisions. The imposed fine shall not be less than 40,000 Sudanese Pounds in the case of violating the provisions of Chapters III, VI, and VII. In the case of violating any of the provisions of other Chapters, the fine shall not be less than 20,000 Sudanese pounds. The fine shall be doubled in the case of repetition of such violations with a maximum limit of 500,000 Sudanese pounds for each violation.

R19: Rating (NC)

182. FIU issued the Administrative Decision dated 10/6/2013 to form a committee for considering imposing a reporting system on the FIs with regards to all cash transactions which exceed a certain limit to the central national authority having an electronic database. The roles of the committee are represented in the feasibility and utility of the presence of a system through which FIs report all financial transactions exceeding a certain threshold to the central national authority possessing a database, in addition to viewing the countries' experience with regards to meeting the requirements of R19, studying the regulations and circulars issued by the monitoring and supervisory entities related to the criteria of this recommendation. Besides, the committee shall set the conclusion it deems adequate about the feasibility and utility of applying the abovementioned system based on reasonable arguments.

183. The Authorities indicated that the committee held multiple meetings with the monitoring and supervisory entities and benefited from the experience of some other countries. The committee decided that the imposition of a reporting system to report to the national authority all cash transactions with values exceeds a certain limit is not feasible.

R20: Rating (PC):

184. Sudan addressed some of the deficiencies pertaining to this recommendation through a number of procedures in order to reduce the number of dealing in cash. Such procedures were taken by issuing circulars by the Central Bank related to regulating transactions of electronic payment systems and allowing the brokers to work in the area of providing e-purse services. In addition to issuing another circular related to the controls of managing banks accounts, providing individuals with ATM cards, and simplifying the procedures of opening bank accounts.

185. Authorities indicated that the National Committee formed by the Chair of the AML/CFT National Committee continues its sectoral meetings. Within this framework, the Sudanese authorities will suggest to IMF mission in its technical support for Sudan that the support be focused on national risk assessment subject in the coming period.

R22: Rating (NC)

186. Sudan addressed the deficiencies pertaining to this recommendation by requiring FI branches and the affiliated companies abroad which have a majority share in such companies to apply the requirements stated in the law regarding FIs in the limits permitted by the laws and regulations in force in the country in which the company or the branch is located. This is in addition to requesting FIs to inform monitoring and supervising entities if such country's laws prohibit such procedures. Besides, FIs are required to apply the requirements stipulated by the law on the level of the financial group which include policies and procedures of exchanging information within the financial group.

R24: Rating (PC):

187. Sudan specified the non-financial institutions addressed by law provisions (real estate dealers – dealers in precious metals and precious stones – legal and accounting activities – companies establishing services – any other activities regarding which the Minister of Finance issues decisions). In order to implement the requirements of the law (Article 3), the Minister of Finance issued decision No. 80 of 2014 which stipulates that monitoring and supervisory entities shall be added to non-financial institutions and that the Ministry of Finance and Ministry of Consumer Affairs shall be the monitoring entity by virtue of the provision of Article 44 read in conjunction with Article 4 of AML/CFT Law of 2014. Besides, Minister of Finance and National Economy issued Decision No. 34 which stipulated adding the entities monitoring and supervising non-financial institutions.

188. In addition, the Ministry of Finance and Consumer Affairs issued regulatory and monitoring controls for NFIs in September 23, 2015. Such controls are considered as binding controls for the non-financial institutions with regards to implementing the law requirements. On the other hand, the FIU issued a number of guidelines related to real estate, accountants, legal auditors, lawyers, and dealers in gold and precious stones. The content of the guidelines focused on the requirements applied on such institutions; duty to report ML/TF and ML/FT methods and trends in each of the aforementioned sectors.

R25: Rating (NC)

189. Sudan addressed the deficiencies pertaining to this recommendation as the FIU issued and circulated guidance for a number of financial and non-financial institutions and AML/CFT guidelines for insurance companies. Moreover, KSE issued an AML/CFT guiding book for its subjected companies. Furthermore, the law requires the FIU to provide feedback on processing the STRs in accordance with the controls stipulated in the regulations issued by the FIU. The guide of the FIU work procedures includes the establishment of a special department for dealing with the statements submitted to the reporting institutions. The information and analysis division and the local and international cooperation department shall submit such statements to the reporting institutions.

R27: Rating (PC) and R28: Rating (PC):

190. Sudan addressed most of the deficiencies pertaining to this recommendation by forming a prosecution specialized in investigating ML/FT cases; and this was made by virtue of Minister of Justice's Decision. Besides, a number of workshops were held in order to train the prosecution officials and criminal police and clarify the link between the predicate offenses and ML crimes in criminal investigations.

R29: Rating (PC):

191. Sudan has significantly addressed deficiencies pertaining to this recommendation by stipulating the authority of monitoring entities in monitoring the FIs activities and ensuring their compliance with AML/CFT requirements. This is in addition to their authority in developing inspection procedures and the means and standards of monitoring the compliance

of FIs with the requirements, verifying the loyalty of such institutions to the requirements imposed on the FIs, using all the monitoring and supervisory means in order to achieve such goals. Besides, they were granted the authority of imposing sanctions on FIs, their managers, and senior management in the case of non-compliance or the incorrect implementation of the law requirements or the regulations issued by virtue of the law.

R30: Rating (PC):

192. The Authorities stated that the following entities established departments specialized in AML/CFT including the customs, criminal investigation department, KSE, Insurance Supervisory Authority, economic security, Ministry of Investment, and Taxation Chamber. Besides, all financial and non-financial institutions established departments concerned with following up the compliance. Such departments have received an intensive training in this field and have been provided with experienced employees. Moreover, Authorities explained that the aim of establishing such specialized sections is to manage and control the coordination between the entities and the FIU on one side and the national committee on the other side.

R31: Rating (PC):

193. Sudan addressed the deficiencies pertaining to this recommendation by providing for the competence of the National Committee to set the general AML/CFT policy, plans, and program; and setting the related national strategies.. This is in addition to finding effective mechanisms for coordination and cooperation on the national level between the competent authorities in order to set and develop AML/CFT activities, monitoring their implementation, coordinating with the competent authorities to set general policies and prepare statistics in AML/CFT and coordinating with the other related National Committees. Moreover, the Committee circulated on all related entities to provide the human and financial resources, form mutual teams between monitoring and supervisory entities to coordinate and cooperate on the political and operational levels. Furthermore, the FIU signed a number of MOUs with the competent entities allowing the cooperation and coordination in this regard.

R32: Rating (PC):

194. The Sudanese authorities provided some statistics related to a number of AML/CFT aspects which prove that the Authorities are effectively applying the requirements of the law which is relatively new. The statistics included some data on some reports received by the FIU which were categorized by the reporting entity and the number of reports transferred to the Public Prosecution with regards to ML/FT cases; reports on disclosures on currency transfer and cross-border bearer negotiable instruments; and a number of cases, value of confiscated properties, and the number of mutual legal assistance and criminals extradition requests. Moreover, the Authorities provided statistics on on-site investigation related to AML/CFT conducted by the monitoring and supervisory entities and any imposed sanctions in this regard.

195. Authorities stated that within the framework of implementing procedures against persons or entities listed on the UN Sanctions Committee list, the amount of USD 40,428 belonging to a natural person listed on the UN Sanctions Committee list was frozen. Moreover, Authorities have previously indicated in this report the absence of any reports of suspicious cases from the insurance and stock sectors and non-financial institutions.

R33: Rating: (NC):

196. Sudan addressed deficiencies pertaining to this recommendation by amending the Companies Law with the need to have a mechanism ensuring the availability of information about the beneficial owners and verification of such information; the Registrar General of Companies issued a declaration form for the founders of companies including a declaration that the founders are the beneficial owners, according to Article 15/2 of companies Law of 2015 which provides for the procedures of establishing the company. There is an obligation of registering the legal declaration from a lawyer who worked in the establishment of the company or from a person listed under the establishment list as member of the board, manager, or company secretary stating that all or any of the abovementioned requirements are met. The registrar shall accept this declaration as sufficient evidence that the requirements are met and that the company shall keep a registry of the members in its headquarters starting from the date of registration. This register shall be available during the working hours, and may be viewed by members and non-members. Any person may ask the company to provide a copy of the register or a part thereof.

197. On the other hand, the current Companies Law does not stipulate using the bearer shares in companies. Accordingly, it can be said that bearer shares are not available in Sudan.

R37: Rating: (PC), R38: Rating: (PC), and R39 (PC):

198. Sudan addressed the deficiencies pertaining to these recommendations by providing for in the law that the Ministry of Justice may exchange the requests of international cooperation with counterpart foreign entities with regards to legal assistance and letter rogatory requests in ML/FT crimes and predicate offenses; in addition to tracing, identifying, confiscating funds and instrumentalities; and executing the orders of confiscation requests. In order to implement the law provisions, the Minister of Justice issued the rules on international cooperation; such procedures are considered as a general legal framework for legal assistance requests, as they include taking the evidence; executing the judicial assistances; executing orders of inspection, seizure, and freezing; searching things and locations; providing the information and proof items, and assessing experts; presenting original or approved copies of the documents including financial and commercial records and verifying and tracing crime proceeds; and any other assistance that do not conflict with the law provisions in force. Besides, such rules do not include unreasonable or unduly restrictive conditions for rejecting the request or rejecting the request on the sole ground that the offense involves fiscal matters.

SRVII: Rating (PC):

199. Sudan addressed deficiencies pertaining to this recommendation. The Central Bank's circular indicated that banks, exchange companies, financial transfer companies shall take measures in order to maintain the data related to the originator. Besides, the circular requires the institutions to end business relationships with the institutions which do not comply with the circular issued by the Central Bank.

SRVIII: Rating (PC):

200. The Authorities indicated that the law Organizing Humanitarian and Voluntary Work of 2006 is the law regulating NPOs sector in Sudan. The law stipulates four types of NPOs: the national voluntary organization, civil society organization, charitable organization, and foreign voluntary organization. Besides, the Authorities stated that a number of regulations were issued recently considered as legislations supporting the law Organizing/regulating Humanitarian and Voluntary Act of 2006; the regulations include registration of the voluntary networks of 2013, regulations of foreign and national organizations of 2013, unified procedure guide of 2015, guidelines for the voluntary and humanitarian work of 2015. This is in addition to Regional and Technical Agreements between the voluntary and humanitarian commission and national and foreign organizations.

201. However, it is noted that reviews conducted by the authorities still do not address an adequate review of the law concerning NPOs in order to prevent the misuse of this sector in TF. Although the Commission for Voluntary and Humanitarian Works – being the registering authority – has information about the overall development of the charitable sector and its size, yet no information is available on whether the authorities have used all sources available to conduct the national reviews or to have the authority to obtain the information when necessary about the activities of the non-profit sectors, their size, and other relevant characteristics in order to identify the characteristics and type of NPOs which may be misused in FT through their activities or characteristics. Therefore, such authorities do not conduct periodic re-evaluations by reviewing the new information about the vulnerabilities in the sector which may be misused for terrorist activities.

202. The authorities provided statistics with the number of inspections, on-site visits, and their results especially when discovering non-compliance or lack of compliance of the NPOs as follows:

Table 27: Inspection on NPOs operating in Sudan

| Item | 2012 | 2013 | 2014 | 2015 |
|---|--|---|---|---|
| Total Number of Organizations in Sudan | 126 | 91 | 91 | 83 |
| Inspection Tours | 68 | 43 | 50 | 28 |
| Number of Violations | 38 | 32 | 19 | 17 |
| Sanctions | Drawing the attention of 28 organizations and warning for 10 organizations | Drawing the attention of 22 organizations, warning for 8 organizations, preventing a person from practicing the business, and freezing the activity of one organization | Drawing the attention of 6 organizations, warning for 8 organizations, and dissolution of Board of Directors of 5 organizations | Drawing the attention of 2 organizations and warning for 15 organizations |

SRIX: Rating (NC):

203. Sudan addressed the deficiencies pertaining to this recommendation through the disclosure system set out in the current law. The system requires that the persons shall declare the currencies and bearer negotiable instruments in their possession or they attempt to physically transport across the borders. The regulation issued by the Head of Customs Authority specified the amount of 10000 Euros or its equivalent in other currencies as the threshold for currency disclosure; in addition to banning the shipment or transportation of funds by air shipping or across land borders of Sudan except by the licensed persons according to the Central Bank of Sudan in accordance with the regulation on dealing in foreign currency; and including the disclosure system of funds or bearer negotiable instruments in containers or via mail. Besides, the Customs Authority shall request additional information related to the origin of currencies or instruments, the purpose of their use in case of false disclosure, and retaining the obtained data and information. Moreover, the law stipulates that in the case of suspicion about the currencies and instruments or suspecting they are proceeds or related to ML/FT, or the disclosure is false, or in the case of refusing to provide the required information, the customs officers shall confiscate the currencies and instruments and refer the information related to such cases to the FIU and submit a report on the case within a week. It is worth noting that the regulations issued by the Head of Customs Authority provides for referring the matter to the competent Prosecution if declared by Head of Customs Authority. Furthermore, the AML/CFT branch in the Customs Authority shall send the disclosure information to the FIU. The current Law penalizes the persons violating the provisions of disclosure system with a fine equal to double the amount of the disclosure.

204. Hereinafter, statistics on the number of disclosures made in Khartoum International Airport from July 2014 to February 2015, and another statistics concerning the amount of currencies seized (false disclosures – smuggling – non-disclosures):

Table 28: Statistics on Disclosures

| Khartoum International Airport | | | | | | |
|---|--------------------|------------------------------------|--|------------------------------------|--|--------|
| Month | Terminals | Total Number of Disclosures | Number of Suspected Disclosures | Total Number of Disclosures | Percentage of Suspected Disclosures | |
| July 2014 | Arrival Terminal | 11 | | 13 | %0 | %7.69 |
| | Departure Terminal | 1 | 1 | | %7.69 | |
| August 2014 | Arrival Terminal | 5 | | 6 | %0 | %0 |
| | Departure Terminal | 1 | | | %0 | |
| September 2014 | Arrival Terminal | 17 | 2 | 28 | %7.14 | %7.14 |
| | Departure Terminal | 9 | | | %0 | |
| October 2014 | Arrival Terminal | 11 | 1 | 18 | %5.56 | %27.78 |
| | Departure Terminal | 2 | 4 | | %22.22 | |
| November 2014 | Arrival Terminal | 21 | | 32 | %0 | %12.5 |
| | Departure Terminal | 7 | 4 | | %12.5 | |
| December 2014 | Arrival Terminal | 12 | | 24 | %0 | %16.67 |
| | Departure Terminal | 8 | 4 | | %16.67 | |
| January 2015 | Arrival Terminal | 13 | | 22 | %0 | %22.73 |
| | Departure Terminal | 4 | 5 | | %22.73 | |
| February 2015 | Arrival Terminal | 18 | | 26 | %0 | %7.69 |
| | Departure Terminal | 6 | 2 | | %7.69 | |
| Port Sudan Customs/Osman Digna Port (Sawakin) | | | | | | |
| February 2015 | Arrival Terminal | 10 | | 10 | %0 | %0 |
| | Departure Terminal | | | | %0 | |
| North Darfur - West Darfur - South Darfur - Wadi Halfa - Al Qadarif - Kassala - Dongola - Blue Nile - White Nile - Sennar | | | | | | |
| 2014-2015 | Arrival | 0 | 0 | 0 | %0 | %0 |
| | Departure | 0 | 0 | 0 | %0 | %0 |

Table 29: Statistics on the Amount of Currencies Seized (False Disclosures – Smuggling – Non-Disclosures)

| Khartoum International Airport | | | | | | | |
|---------------------------------------|--------------------|------------|------------|------------|------------|------------|------------|
| Month | Terminals | USD | SAR | AED | EUR | GBP | QAR |
| July 2014 | Arrival Terminal | | 107000 | | | | |
| | Departure Terminal | | | | | | |
| August 2014 | Arrival Terminal | | | | | | |
| | Departure Terminal | | | | | | |
| September 2014 | Arrival Terminal | 1900000 | 200000 | | | | |
| | Departure Terminal | | | | | | |
| October 2014 | Arrival Terminal | 186400 | | | | | |
| | Departure Terminal | 152000 | 997200 | 67250 | | | 37500 |
| November 2014 | Arrival Terminal | | | | | | |
| | Departure Terminal | | 1479700 | | 195000 | | |
| December 2014 | Arrival Terminal | | | | | | |
| | Departure Terminal | | 847000 | 27190 | | | 9860 |
| January 2015 | Arrival Terminal | | | | | | |
| | Departure Terminal | 382400 | 800000 | 53000 | | | |
| February 2015 | Arrival Terminal | | | | | | |
| | Departure Terminal | | 438000 | | | | |

205. Authorities stated that 14 cases were submitted to the FIU in 2014 and they were decided as follows:

- a) 13 cases were dropped for lack of suspicion in ML/FT.
- b) 1 case was submitted to the competent Prosecution; its value was 33000 SAR, 31000 QAR, and 64500 AED.

206. On the other hand, 8 cases were submitted to the FIU in 2015 and they were decided as follows:

- a) 4 cases were dropped for lack of suspicion in ML/FT.
- b) 4 cases were submitted to the competent prosecution for investigation.

3rd Follow-up Report for Sudan
Request to Move from Regular Follow-Up to Biennial Update
(Annexes)

- **Sudan Anti-Money Laundering/Combating the Financing of Terrorism Law of 2014:**
 - **Section 1:** Preliminary Provisions.
 - **Section 2:** Control and Supervision.
 - **Section 3:** Financial and Non-financial Institutions.
 - **Section 4:** The Unit.
 - **Section 5:** The National Committee.
 - **Section 6:** Financial Provisions.
 - **Section 7:** Miscellaneous Provisions.
 - **Section 8:** Offenses, Penalties and Sanctions.
 - **Section 9:** Final Provisions.

Ninth Cycle of Sessions

Anti-Money Laundering/Combating the Financing of Terrorism Law of 2014

Pursuant to the provisions of the Interim Constitution of 2005 of the Republic of Sudan, the National Assembly passed, and the president of the Republic signed, the following law:

Section 1 - Preliminary Provisions

1. Title and effective date

The law shall be called the “Anti-Money Laundering /Combating the Financing of Terrorism Law of 2014.” It shall enter into force on the date on which it is signed.

2. Repeal and exception

The Anti-Money Laundering Law/Financing of Terrorism Law of 2010 shall be repealed. All regulations, measures, and decrees issued pursuant to that law shall remain in force until they are repealed or amended under the provisions of this law.

3. Interpretation

In this law, unless the context requires otherwise:

“Instrumentalities” shall mean all means and equipment of whatever kind that were used or intended to be used in any form, wholly or partially, to commit a money laundering, terrorism financing or a predicate offense.

“Bearer negotiable instruments” shall mean monetary instruments in the form of bearer instruments such as traveler’s checks, tradable instruments, checks, promissory notes, and payment orders which are either issued to the bearer, endorsed to him without restrictions, issued to a fictitious beneficiary, or in a form where the right is transferred upon delivery, or incomplete instruments including checks, promissory notes, and payment orders that are signed without mentioning the payee’s name.

“Terrorist” shall mean any natural person who: (1) knowingly and unlawfully commits or attempts to commit terrorist acts by any means, directly or indirectly;(2) participates as an accomplice in terrorist acts; (3) organizes or orders other persons to commit terrorist acts; or (4) contributes to the commission of terrorist acts by a group of persons with the objective of furthering the terrorist act or with knowledge of the group’s intention to commit a terrorist act.

“Politically exposed persons” shall mean persons who are or have been entrusted with:

- a. Prominent public functions domestically or in a foreign country, such as heads of state or governments, high-level politicians, high-level government officials, high-level judicial and military officials, senior executive officers in state-owned companies, and officials of key political parties.
- b. Prominent functions by international organizations, who are members of the senior administration, i.e., directors, deputy directors, members of the board, or equivalent posts.

“Funds” shall mean financial and non-financial assets and all types of property, whether tangible or intangible, movable or immovable, regardless of how they were acquired, legal instruments and documents in any form, including electronic or digital, that prove a claim to or benefit from such assets, including for example but not limited to bank credits, traveler’s checks, bank checks or payment orders, shares, securities, promissory notes, letters of credit, and any other interest, profit, or income derived from these funds or other assets

The “Central Bank” shall mean the Central Bank of Sudan.

“Shell bank” shall mean a bank which has no physical presence in the state in which it is established and from which it obtained a license, and which is not subordinate to any financial group subject to regulation and effective consolidated banking supervision.

“Freezing” shall mean the temporary impoundment of funds and instrumentalities, the prohibition of transport, transfer, conversion, disposal, or moving thereof based on a decision issued by the public prosecutor, the judiciary, or the Unit, whereby the management of the funds and instrumentalities may be left to the financial institution or entity that managed these before the issuance of the freeze decision.

“Wire transfer” shall mean any financial transaction carried out on behalf of an originator through a financial institution by electronic means to make an amount of money available to a beneficiary at another financial institution, irrespective of whether the originator and the beneficiary are the same person.

“Predicate offense” shall mean any act constituting an offense under any law in effect in Sudan, and any act committed outside Sudan if it constitutes an offense under the laws of the country where it occurred and under the laws of Sudan.

“Control and supervision entities” shall mean:

- a. The Central Bank;
- b. The Khartoum Stock Exchange;
- c. The Insurance Supervisory Authority;
- d. Any other entity which is granted, by decree of the Minister, jurisdiction to control or supervise any of the activities of the financial and non-financial institutions.

“Seizure” shall mean the impoundment of funds and instrumentalities temporarily based on a decision issued by the public prosecutor’s office, a judicial decision, or a decision issued by customs authorities. The authorities that issue the impoundment decision shall be responsible for managing such funds and instrumentalities.

“Competent authority” shall mean law enforcement authorities, all administrative authorities concerned with combating money laundering, related predicate offences, and terrorism financing, the Public Prosecutor’s Office, national security, the Unit, and control and supervisory bodies.

“Person” shall mean any natural person, legal person, or legal arrangement.

“Business relationship” shall mean a relationship which is established between a financial or non-financial institution and its client and which is connected to the activities or services which the institution provides to the client, whenever the concerned institution expects the relationship to continue for a period of time.

“Terrorist act” shall mean any of the following acts: (a) an act that constitutes a crime within the scope of, and according to the definition appearing in, any of the treaties, conventions, and protocols on terrorism ratified by Sudan; (b) any act aimed at causing the death or serious bodily injury of a civilian or other person when such person is not participating in hostile acts in the event of armed conflict, or when the purpose of such act, owing to its nature or context, is to terrorize the population or force a government or international organization to take action or abstain from taking such action; and (c) any act referred to as a terrorist act in the Law on Combating Terrorism of 2001.

“Customer” shall mean any person that undertakes or attempts to undertake any of the following with a financial or non-financial institution:

- a. Arranging, opening or undertaking a transaction, business relationship, or account,
- b. Participating in signing to a transaction, business relationship or account,
- c. Assigning or transferring an account, rights, or obligations under a transaction to such person,
- d. Authorizing such person to conduct a transaction, or to control a business relationship or an account.

“Casual customer” shall mean a customer that does not have a continuous business relationship with the financial or non-financial institution.

“False declaration” shall mean giving incorrect information on the value of a currency or bearer negotiable instruments being physically transferred across the border, or giving other incorrect related information required to be declared or provided through any other another means by the customs authorities. “False declaration” shall include failure to provide a declaration as required.

“Legal arrangement” shall mean a relationship established pursuant to a contract between two or more parties that does not result in the emergence of a legal person, such as trusts,

“National Committee” shall mean the National Committee established in accordance with the provisions of article 21.

“Financial group” shall mean any group comprising a parent company and its subsidiaries or any legal person that exercises control over its branches and subsidiaries.

“Proceeds” shall mean funds resulting, originating, or obtained directly or indirectly from the commission of a predicate offense, including returns, interest, gains, or other profits stemming from such funds, whether they remain as they are or are converted wholly or partially into other funds.

“Governor” shall mean the Governor of the Central Bank.

“Public Prosecutor” shall mean the Public Prosecutor of the Republic of Sudan.

“Beneficial owner” shall mean the natural person who ultimately owns or exercises direct or indirect control over a customer including the natural person on whose behalf a transaction is conducted and any natural person who exercises ultimate, actual control over a legal person or legal arrangement.

“Confiscation” shall mean the expropriation of funds and instrumentalities by order of the competent court, and the transfer of ownership thereof to the state.

“Terrorist organization” shall mean any group of terrorists that: (a) intentionally and unlawfully commits or attempts to commit terrorist acts by any means whatsoever, directly or indirectly; (b) participates as an accomplice in terrorist acts; (c) organizes or orders other persons to commit terrorist acts; or (d) contributes willfully to the commission of terrorist acts by a group of persons acting with a common purpose with the aim of furthering the criminal act or with the knowledge of the group’s intention to commit a terrorist act or (e) any organization referred to as a terrorist organization in the provisions of the Law on Combating Terrorism of 2001.

“Financial institutions” shall mean any person that carries out on a regular and commercial basis any of the following activities or operations on behalf of or for the benefit of their customers:

- a. accepting deposits and other funds to be paid to a third party;
- b. granting credit of all types;
- c. lease sale;
- d. money or value transfers;
- e. issuing payment instruments of all types, including debit and credit cards, travellers’ checks, personal and bank checks and electronic money;
- f. financial guarantees and commitments;
- g. buying and selling money market and capital market instruments, including spot and forward exchange markets;
- h. participating in the issue of securities and providing related financial services;
- i. investment portfolio management and investment trustee services;
- j. safeguarding and administration of cash, securities and valuables;
- k. mutual liability or life insurance and any other insurance products with an investment element;
- l. money and currency exchange
- m. any other activity practiced by any other entity to which the provisions of this law are applied by decree of the Minister;

“Non-financial institutions” shall mean persons who engage in any of the following activities:

- a. real estate commerce when concluding real estate purchase and sale transactions for a customer;
- b. trade in precious minerals and gems when concluding any cash transactions which value exceeds the limit set by the Minister pursuant to a decree;
- c. the practice of law and accounting when preparing, executing, or conducting transactions for customers regarding any of the following activities:
 - i. the purchase or sale of real estate;
 - ii. management of a customer’s funds, including the customer’s securities, bank accounts, and other assets;
 - iii. establishment, operation, or management of legal persons or legal entities, and the organization of relevant subscriptions;
 - iv. the purchase and sale of legal persons;
- d. services relating to the establishment and management of companies and activities related thereto;
- e. any other activity exercised by any other institution to which the provisions of this law are applied by decree of the Minister.

“Physical cross-border transport” shall mean any incoming or outgoing physical transport of currency or tradable bearer instruments from one country to another. This term includes the following methods of transport: (a) physical transport by a natural person, in his accompanying baggage, or in his vehicle; (b) the shipping of currency via cargo packed in containers; or (c) a natural or legal person’s use of the mail to transport currency or tradable bearer instruments.

“Unit” shall mean the Financial Information Unit established in accordance with Article 12.

“Minister” shall mean the Minister of Finance and National Economy.

Section 2 – Control and Supervision

Duties of control and supervision bodies

4. Control and supervision bodies shall control and supervise activities of financial and non-financial institutions affiliated to them or under their authority to ensure compliance with the provisions of the present law, by virtue of the law regulating each of these institutions. Without prejudice to the above, control and supervision bodies shall have the following duties and powers:

- a. Development of examination procedures and means and standards for monitoring the compliance of financial and non-financial institutions with the requirements of combating money laundering and terrorism financing under this law.
- b. Verification that the financial and non-financial institutions under their supervision and control fulfill their obligations under this law, for which purpose the control and supervision bodies may exercise all their control and supervision powers. Such bodies shall notify the Unit if, in the course of discharging their responsibilities, facts that could be related to money laundering, terrorism financing, or predicate offences become evident to them.
- c. Cooperation and sharing of information with competent authorities and with foreign counterparts concerned with combating money laundering or terrorism financing.
- d. Imposition of the penalties stipulated in article 41 or in regulations issued under the provisions of this law on a financial or non-financial institution that fails to meet its obligations under this law.
- e. Issuance of the implementing regulations for the provisions of this law, each within the scope of its authority over the financial and non-financial institutions subject to its control and supervision.
- f. Any other duties or powers given to such authorities with respect to combating money laundering and terrorism financing under this law or under the international and regional agreements to which Sudan is a party.

Section 3 – Financial and Non-financial Institutions

Due diligence measures

5. Financial and non-financial institutions must undertake due diligence as indicated below:

(a) Identifying their customers in the following cases:

- i. When initiating a business relationship with a customer;
- ii. When executing a transaction whose amount exceeds the limit established by the regulations for a casual customer, whether executed as a single transaction or several transactions that appear to be linked to each other;
- iii. When making wire transfers in the circumstances covered by article 7;
- iv. When there is doubt concerning the veracity or accuracy of the identification information previously recorded; or
- v. When there is suspicion of money laundering or terrorism financing.

(b) Measures that apply to all customers as follows:

- i. identify and verify a customer's identity using original documents or independent, reliable statements or information, and determine the identity of the beneficial owner and take reasonable measures to verify it.
- ii. Obtain and verify proof of the identity of any person acting on behalf of a customer, including evidence that such person is properly authorized to act in that capacity.
- iii. Understand and – where necessary – obtain information on the purpose and intended nature of a business relationship.
- iv. Understand the ownership and control structure of the customer.
- v. Monitor business relationships on an ongoing basis and examine any transactions conducted to ensure they are consistent with their knowledge of the customer, the customer's commercial activities and risk profile, and – where necessary – the source of the funds.
- vi. Continuously update information, data, and documents, particularly concerning high-risk customers.
- vii. Classify customers according to risks; and adopt the necessary level of due diligence measures accordingly.

Obligations of financial and non-financial institutions

6. (1) Financial and non-financial institutions must comply with the following measures:
- a. Assess the money laundering and terrorism financing risks to which the institution is exposed, including the risks of newly introduced products and technology.
 - b. Provide the competent authorities with all records and information on customers and transactions in a timely manner.
 - c. Promptly report to the Unit whenever they suspect or have reasonable grounds to suspect that any funds constitute proceeds or transactions or attempts linked to money laundering or terrorism financing.
 - d. Establish bylaws, which must cover internal policies, and control, compliance, hiring, training and auditing systems according to the rules and controls developed by competent authorities, consistent with each institution's activity and risk level with respect to money laundering and terrorism financing.
 - e. Maintain the following records and data with respect to their customers and transactions, and ensure that such records and underlying information are available to the competent authorities on a timely basis:
 - i. Records and data obtained through the customer due diligence process– including documents evidencing the identities of customers and beneficial owners, accounting files, and business correspondence – for at least five years after the end of the business relationship or date of the occasional transaction, whichever is longer [sic].
 - ii. Records and data on domestic and international transactions, attempted or executed, for a minimum period of five years following the attempted execution or execution of the transaction. Such records must be sufficiently detailed to permit the reconstruction of each individual transaction.
 - iii. Records and data related to reports made to the Unit under paragraph (c) and documents related thereto for at least five years after the date the report was made; and documents related to a lawsuit until a decision is issued, even if the legally stipulated period has expired
 - iv. Risk assessment and any underlying information, for a period of five years from the date the assessment was conducted or updated.
- (2) Financial and non-financial institutions shall establish a risk management system conducive to determining whether a customer or beneficial owner is a person of influence according to the following:
- (a) If a person of influence is a foreigner, the institution must:
 - i. Obtain the approval of the institution's senior management before establishing or continuing a business relationship with the person.
 - ii. Take appropriate measures to determine the source of the wealth and funds of the person.
 - iii. Conduct ongoing enhanced monitoring of the business relationship.

(b) The measures stipulated in paragraph (a) shall be applied if the person of influence is a local or a person who holds a prominent position in an international organization and is a high-risk person.

(c) The measures stipulated in paragraphs (a) and (b) shall be applied to close family members and close associates of persons of influence.

(3) Attorneys shall not be required to report if the information related to their clients was obtained when assessing their clients' legal situation, or providing a legal opinion on a matter related to legal proceedings, as well as representing them in legal proceedings.

Wire transfer transactions

7- 1. Financial institutions that execute wire transfers must obtain basic information on the originator and the beneficiary of the transfer and ascertain that such information remains with the wire transfer or related messages throughout the payment chain.

2. A financial institution originating a wire transfer shall not execute the transfer when the basic information mentioned in paragraph (1) cannot be obtained.

3. For cross-border wire transfers, the intermediary or beneficiary financial institution adopts risk-based policies and procedures for stipulating: (a) the stopping, rejection, or suspension of the execution of a wire transfer that lacks the necessary information on the originator or recipient; and (b) the necessary follow-up measures.

Shell bank

8- 1. A shell bank may not be licensed or permitted to engage in activity in Sudan.

2. It shall be prohibited for financial institutions to transact, correspond, or establish a business relationship with a shell bank or a financial institution that permits the use of its accounts by a shell bank.

Confidentiality of information

9- 1. Financial institutions and non-financial institutions and their directors and employees shall be prohibited from disclosing directly or indirectly, by any means, that a report has been or is being filed with the Unit under the reporting obligations stipulated in this law. Nor may they disclose any information related to the Unit or to any money laundering or terrorism financing investigation.

2. The provisions of paragraph (1) notwithstanding, disclosures or communications among directors and employees of financial institution or non-financial institutions and the competent authorities are permitted.

Absence of liability

Any financial or non-financial institution and its directors or employees who in good faith report or provide information about a suspicious transaction under article 6 (c) shall not be subject to any civil, criminal, or administrative liability for violation of any prohibition on the disclosure of information required by a contract or law.

Scope of application of the obligations in this section

11. 1. Financial institutions must require its branches and subsidiaries outside Sudan in which the institution holds a majority share to implement the requirements of this section within the limits permitted by laws and regulations in effect in the country where the subsidiary or branch is located.
2. If the laws of that country prohibit compliance with these requirements, the financial institution must so notify the control and supervision bodies.
3. A financial institution shall apply these requirements at the level of the financial group, including policy and procedures for the exchange of information within the financial group.

Section 4 – The Unit

Establishment and headquarters of the Unit

- 12- 1. An independent unit called the Financial Information Unit shall be established as a legal person.
2. The headquarters of the Unit shall be in the state of Khartoum.
3. The unit shall submit periodic reports on its activities to the National Committee.

Composition of the Unit

- 13- 1. The Unit shall be formed of a director by decree of the Governor based on the National Committee's recommendation. The Unit shall have an appropriate number of employees appointed by decision of the National Committee based on the recommendation of the Unit's director.
2. The Central Bank of Sudan shall provide the unit with a budget that is approved by the National Committee.

Authorities and powers of the Unit

14- The unit shall have the following authorities and powers:

- a. Receive, request, and analyze reports and information related to money laundering, predicate offences, and terrorism financing.
- b. Request any financial or non-financial institution to provide any information that may be useful for discharging its function, or based on a request which the Unit receives from a foreign counterpart, without prejudice to the provisions of article 6(3). Financial and non-financial institutions must provide the Unit with such information and documents within the deadline and in the manner specified by the Unit.
- c. Request competent and administrative authorities to provide additional information when the Unit considers such information useful for discharging its function, or upon a request which the Unit receives from foreign counterparts. The competent authorities must provide the Unit with such information and documents within the deadline and in the manner specified by the Unit.
- d. Disseminate, on its own accord or based on a request, information and analysis results to the public prosecutor's office or other competent authorities immediately when sufficient grounds exist for suspecting money laundering, predicate offences or terrorism financing, so that appropriate measures may be taken in regard thereto.
- e. Notify the control and supervision bodies in the event that a financial or non-financial institution or any employee thereof violates the requirements of this law.
- f. Issue bylaws providing the operational framework of the unit.

Temporary suspension and freezing of suspicious transactions

15- 1. While analyzing the reports and information it receives, the Unit may, in cases of emergency and if there are serious reasons to suspect money laundering, predicate offenses or terrorism financing, order the suspension of the transaction for up to five days. During this period, the Unit must refer the report and the information to the public prosecutor's office as soon as it has enough reasons to suspect money laundering, a related predicate offense or financing of terrorism.

2. If the Unit sees during the period stipulated in paragraph (1), based on analysis results, that there are not enough reasons for suspicion, it shall order the revocation of the transaction suspension mentioned in paragraph (1).

3. If the period stipulated in paragraph (1) lapses while the Unit did not complete its procedures, it may request that the public prosecutor issue an immediate order to freeze the suspicious funds. The public prosecutor may order the freezing of the funds for up to two weeks. The public prosecutor may petition the competent court to extend the freezing period beyond those two weeks to continue with the measures.

4. The Public Prosecutor may order the revocation of the freeze order when it is no more necessary or if the elements of suspicion have ceased to exist.

5. The competent court may, after hearing the statements of the concerned parties, order the extension of the public prosecutor's freeze order for up to a total of two months, or it may order its revocation and decide upon the petition summarily.

6. Any interested party may submit an objection before the competent court against any order issued under the provisions of paragraphs (3) and (5) within two weeks of the date on which the party was notified of the order.

7. The public prosecutor shall have the authority to issue the orders needed to manage funds that are frozen as he deems appropriate.

Reports on suspicion

16- The Unit must provide any institution that reports a suspicion to the Unit of the Unit's receipt of the report. The Unit must furnish feedback on the treatment of the report according to the rules contained in the regulations that it issues.

Information Exchange

17- 1. The Unit, on its own accord or at the request of foreign counterparts, may exchange information provided they are bound by the rules of confidentiality and provided that reciprocity is ensured. Such information may be used solely for purposes related to combating money laundering, predicate offences and terrorism financing.

2. The Unit can respond to the request for information that it receives from competent authorities according to the regulations or rules that it issues.

Publication of Reports

18- The Unit shall publish regular reports on its activities, including statistical data and analytical studies on combating money laundering and terrorism financing.

Compliance with confidentiality

19- Employees of the Unit must maintain the confidentiality of information which they examine during the performance of their duties and after the termination of their employment with the Unit. Such information may be used solely for the purposes of implementing the provisions of this law.

Absence of liability

20- Employees of the Unit shall not be subject to criminal, civil, or administrative liability for the consequences of their discharge of their duties in good faith.

Section 5 – The National Committee

Establishment, headquarters, and supervision of the National Committee

- 21- 1. A committee called the National Committee for Combating Money Laundering and Terrorism Financing shall be established and it shall have a legal personality.
2. The committee's headquarters shall be in Khartoum state.
3. The committee shall be subject to the supervision of the president of the Republic.

Composition of the National Committee

- 22- 1. The National Committee shall comprise the:
 - a. Deputy Minister of Justice, chairman
 - b. Deputy Governor of the Central Bank, vice chairman
 - c. Undersecretary, Ministry of Finance and National Economy, member.
 - d. Undersecretary, Ministry of Foreign Trade, member.
 - e. Undersecretary, Ministry of Foreign Affairs, member.
 - f. Undersecretary, Ministry of Investment, member.
 - g. Director, General Department of Criminal Investigations, member.
 - h. Director, Department of International and Regional Police (Interpol), member.
 - i. Director General, General Customs Police Department, member.
 - j. Public Prosecutor, member.
 - k. Tourism Police Director, [member].
 - l. Secretary General, Taxation Chamber, member.
 - m. Chief, Economic and Investment Security Department, member.
 - n. Director General, National Information Center, member.
 - o. Director, Khartoum Stock Exchange, member.
 - p. Director, Insurance Supervision Authority, member.
 - q. Director General, Unit, member and rapporteur.
2. The Minister may add any other bodies to the membership of the National Committee based on the committee's recommendation.
3. The National Committee shall have a Secretariat formed by decision of the National Committee chairman. The decision shall specify the secretariat's authorities and its operating procedures.

Authority and powers of the National Committee

23- 1. The National Committee shall be authorized to formulate general policy, plans, and programs for combating money laundering, terrorism financing, and the proliferation of weapons of mass destruction, without prejudice to the generality of the preceding, the National Committee shall be authorized to:

- a. Formulate, develop, and monitor the implementation of a national strategy for combating money laundering, terrorism financing, and the financing of the proliferation of weapons of mass destruction.
- b. Assess the risks of money laundering, terrorism financing, and financing the proliferation of weapons of mass destruction at the national level.
- c. Create and monitor the implementation of efficient mechanisms for cooperation and coordination at the national level among the competent authorities concerning the formulation and development of policies and activities for combating money laundering, terrorism financing, and the financing of the proliferation of weapons of mass destruction.
- d. Monitor international and regional developments, including the standards of the financial action task force and international agreements and treaties related to the combating of money laundering, terrorism financing, and the financing of the proliferation of weapons of mass destruction.
- e. Formulate recommendations on the development of general policies and best practices; and propose appropriate laws or amendments of relevant legislation.
- f. Develop programs to qualify and train workers in the field of combating money laundering, terrorism financing, and the financing of the proliferation of weapons of mass destruction; and cooperate and coordinate with relevant authorities in this regard.
- g. Coordinate with the competent, relevant authorities to develop public policies and prepare statistics in the field of combating money laundering, terrorism financing, and financing of the proliferation of weapons of mass destruction.
- h. Coordinate with other national committees, foreign counterparts and international organizations related to the combating of money laundering, terrorism financing, and financing of the proliferation of weapons of mass destruction.
- i. Appoint the staff of the Unit based on the recommendation of its Director
- j. Prepare its general annual budget and submit it to the Director for approval
- k. Approve the budget of the Unit and the general terms of service of its staff prepared by the Unit
- l. Form committees to assist the Committee in exercising its powers
- m. Any other powers or authorities necessary for the Committee to carry out its function

2. The committee may delegate any of its authorities to its chairman or to any of its members or to any committee it forms, or to the Unit based on conditions which it deems appropriate.
3. The chairman and members of the committee shall take the oath attached to this law before assuming their functions. They shall take the oath before the Minister.

Section 6 – Financial Provisions

Financial resources of the National Committee

- 24- The National Committee shall have the following financial resources:
 - a. Appropriations allocated by the government.
 - b. Any other financial resources approved by the Minister.

Use of the National Committee's resources

- 25 - The Committee's resources shall be used to conduct its proceedings and discharge its functions under this law.

The Committee's budget

- 26- The committee shall have an independent budget, prepared in accordance with sound accounting principles. The committee shall submit its budget to the Council of Ministers, through the Minister, sufficiently before the end of each fiscal year.

Account, book, and record keeping and the deposit of funds

- 28- 1. The Committee must keep accurate, detailed accounts of its activities according to sound accounting principles, and it must keep the books and records pertaining thereto.
2. The Committee shall deposit its funds with the Central Bank in current accounts or as investment deposits. The committee shall determine the transaction withdrawal method and disposition for these accounts.

Audit

- 28- Following the end of each fiscal year, the Committee's accounts shall be audited by the National Audit Bureau or any other certified auditor whom the Auditor General approves and supervises.

Final Account and report of the National Audit Bureau

1. The Committee shall submit to the Minister, within three months of the end of the fiscal year, the following statements and reports:
 - a. The final account statement.
 - b. The report of the auditor general.
 - c. A progress report on the work of the Committee.
2. The statements and reports mentioned in paragraph 1 above shall be discussed for approval and adoption in a meeting chaired by the Minister and attended by the Auditor General and the chairman or a representative of the Committee.

Financial Provisions of the Unit

- 30-
 1. The Unit's financial resources shall consist of appropriations allocated by the Central Bank.
 2. The Unit's resources shall be used to conduct its proceedings and discharge its functions under this law
 3. The Unit prepares an independent budget according to sound accounting principles and submits it to the National Committee for adoption.
 4. Following the end of each fiscal year, the Committee's accounts shall be audited by the National Audit Bureau
 5. The Unit must keep accurate, detailed accounts of its activities, and it must keep the books and records pertaining thereto.
 6. The Unit shall deposit its funds at the Central Bank or any other bank as approved by the Central Bank.

Section 7 – Miscellaneous Provisions

Declaration

- 31-
 1. Any person, upon entering or exiting the country must declare to the customs authorities the currencies or bearer negotiable instruments which are in his possession or which he is attempting to transport physically across the borders. Regulations shall specify the amounts to be declared.
 2. The customs authorities may request additional information from the person mentioned in Paragraph (1) regarding the source or purpose of use of such currency and bearer negotiable instrument in the event of a false declaration.
 3. Customs authorities must refer this information, including a copy of the original declaration form, to the Unit.
 4. Customs authorities must keep the statements and information obtained through the application of its powers under paragraphs (1) and (2).

Seizure of currency and bearer negotiable instruments

- 32- 1. Customs authorities may seize some or all of any sum of currency or bearer negotiable instruments in the following cases:
- a. Whenever there is a suspicion that they are proceeds of or are related or connected to, or will be used for the conduct of, money laundering or terrorism financing.
 - b. In the event of a false declaration.
2. Customs authorities must refer the information pertaining to the cases in Paragraph 1 (a) and (b) above to the Unit immediately for analysis, within one week.

International cooperation

- 33- The Ministry of Justice shall exchange requests for international cooperation with foreign counterparts, according to national legislation, bilateral and multilateral agreements ratified by Sudan or according to the principle of reciprocity. These requests are:
- a. Requests for legal assistance and letters rogatory concerning offenses of money laundering, predicate offenses, and terrorism financing offenses.
 - b. Requests for the extradition of suspects and persons convicted of money laundering and terrorism financing offenses.
 - c. Requests for the tracking, identification, and seizure of funds and instrumentalities and for the execution of confiscation judgments.
2. The Minister of Justice shall issue the necessary rules of procedure to organize procedures related to international cooperation requests mentioned in Paragraph (1).

Security Council Resolutions

- 34- The Council of Ministers shall issue necessary decrees to implement UN Security Council Resolutions pursuant to Chapter VII, related to terrorism, terrorism financing and the financing of the proliferation of weapons of mass destruction.

Section 8 – Offenses, Penalties and Sanctions

Offense of money laundering

- 35- 1. A person shall be considered to have committed an offense of money laundering when knowing or having reason to believe that any funds are proceeds, if he deliberately:
- a. Transfers, moves, or exchanges funds for the purpose of illegally concealing or disguising its illegal source, or for the purpose of aiding any person who participates in the commission of a predicate offense resulting in funds or proceeds to evade legal accountability.
 - b. Conceals or disguises the real nature, source, location, method of disposal, movement, or ownership of the funds or proceeds or rights pertaining thereto.
 - c. Acquires, possesses, or uses funds.
2. The punishment of a perpetrator of a predicate offense shall not preclude punishment of that perpetrator for the offense of money laundering.
3. The conviction of the perpetrator of a predicate offense shall not be required to prove that funds are proceeds.

Offense of terrorism financing

- 36- 1. A person shall be considered to have committed the offense of terrorism financing if he willfully undertakes or attempts, by any means, directly or indirectly, to provide or collect funds from a lawful or unlawful source with the intent of using them, or with the knowledge that they will be used, fully or partially, to commit a terrorist act or will be used by a terrorist organization or terrorist.
2. Any of the acts mentioned in paragraph (1) shall be considered an offense of terrorism financing even if a terrorist act does not occur, or the funds are not actually used to execute or attempt to execute a terrorist act, or the funds are not linked to a specific terrorist act, regardless of the country in which the commission or attempted commission of the terrorist act occurs.

Attempt, criminal conspiracy, complicity, and incitement

- 37- 1. Anyone who attempts, criminally conspires to, is complicit in, incites, or abets the commission of any of the offenses mentioned in article 35 shall be punished by the penalty established for the principal offender.
2. Anyone who attempts, criminally conspires to, is complicit in, incites, abets, organizes or directs others to commit any of the offenses mentioned in article 36 shall be punished by the penalty established for the principal offender.

Penalties

38- 1. Without prejudice to any more severe penalty prescribed in any other law, anyone who violates the provisions of articles 35 or 36 shall be punished upon conviction as follows:

- a. Natural persons shall be imprisoned for 5-10 years and shall pay a fine not to exceed twice the amount of the funds or proceeds subject of the offense.
- b. Legal persons shall be punished by a fine of SDG 50,000-500,000 or twice the amount of the funds or proceeds subject of the crime, whichever is higher. The court may also order the dissolution or liquidation of the legal persons or the total or partial suspension of its activity, or it may change its management. If the offense is repeated, the legal person's registration must be cancelled.
- c. A natural person who commits an offense on behalf of or for a legal person shall be punished by the same penalty stipulated in paragraph (a).

2. Without prejudice to the provisions of Paragraph (3), any chairman or member of a board of directors of a financial or non-financial institution, or any owner, authorized representative, or employee thereof who, acting in bad faith or with gross negligence in his capacity, violates the provisions of the articles of section 3 of this law shall be punished by imprisonment of 6 months to two years and/or a fine of SDG 5,000 – SDG 50,000. If the violation is repeated, the fine shall be doubled.

3. Any chairman or member of a board of directors of a financial or non-financial institution, or any owner, authorized representative, or employee thereof who, acting in bad faith or with gross negligence in his capacity, violates the provisions of article 6(c) or article 9 or article 14 (b) of this law shall be punished by imprisonment of six months to three years and/or a fine of SDG 10,000 – SDG 100,000. If the violation is repeated, the fine shall be doubled.

4. Any person who violates the provisions of article 31 shall be punished by a fine equaling double the declaration amount.

5. Any person who intentionally violates the provisions of article 19 shall be punished by imprisonment of six months to three years and a fine of SDG 10,000 – SDG 100,000.

Confiscation

39- 1. Without prejudice to the rights of any third party acting in good faith, the court may, in the event of a conviction for one of the offenses stipulated in this law, order the confiscation of:

- a. The funds that are the object of the money laundering and terrorism financing offense.
- b. The proceeds, including funds mixed with, stemming from, or exchanged with such proceeds.
- c. Income and other benefits stemming from the proceeds
- d. Instrumentalities.

2. If access to the funds or proceeds mentioned in paragraph (1) is not possible, or if such proceeds or funds are no longer available to be confiscated, the court may rule to confiscate the equivalent value of such funds or proceeds.

3. The funds mentioned in this article may not be confiscated if the owner of the funds proves his good faith or that he acquired the funds after paying an appropriate value for them, or that he obtained them in exchange for providing services commensurate with the value thereof, or based on another lawful reason, and that he was not cognizant of the unlawful source of the funds.

4. A special unit shall be established in the public prosecutor's office to manage funds confiscated under Paragraph (1). At least 40 percent of the total of such funds must be allocated to develop the anti-money laundering/terrorism financing system in Sudan.

Limitation

40- The offenses mentioned in this law shall not lapse upon the lapse of the period stated in article 38 of the Criminal Procedures Code for the year 1991.

Sanctions

41- Without prejudice to the authorities of the control and supervision bodies to impose any of the sanctions stipulated in any other laws, regulations, or circulars, control and supervision authorities may – if a financial or non-financial institution or any of its directors, board members, or executive or supervisory management members is found to have violated the provisions of this law, or the regulations issued pursuant to it, or ministerial decrees, circulars, or instructions – impose any of the following sanctions:

- a. a written warning regarding the violation.
- b. an order to comply with specific measures.
- c. an order to provide regular reports on the measures taken to address the identified violation.
- d. Imposition of a financial sanction on the violating financial or non-financial institution not to exceed SDG 500,000 per violation.
- e. Ban the person who committed the violation from employment within the relevant sector for a specific period.
- f. Restrict the powers of members of the board members, members or managers of the executive or supervisory management, and controlling owners, including appointing a temporary controller.
- g. Dismiss or replace the directors and members of the board of directors or of the executive or supervisory management.
- h. Suspend, restrict, or prohibit the continuation of the activity, business or profession.
- i. Revoke the license.
- j. Withdraw the license.

Section 9 – Final Provisions

The competent court

42- The General Criminal Court shall have jurisdiction to examine money laundering and terrorism financing offenses.

Nullification of disposal

43- Any disposal of funds undertaken to avoid freeze, seizure, or confiscation proceedings shall be null. In this case, the sum actually paid by the alienee in good faith shall be refunded.

Authority to issue regulations, rules and orders

44- The Minister, National Committee, Unit, control and supervision authorities, the Public Prosecutor or customs authorities may – each within their respective purview – issue the regulations, rules or orders needed to implement the provisions of this law.

Testimony

We hereby testify that the National Assembly has adopted the “Anti-Money Laundering/Combating the Financing of Terrorism Law” of 2014 in its 26th session of the 9th cycle of sessions held on June 18, 2014 the Permanent Joint Committee of Parliamentarians has decided on June 18, 2014 that this Law does not affect the interests of the states.

Dr. El Fateh Ezzedine Al Mansour
Speaker of the National Assembly
Head of the Permanent Joint Committee of Parliamentarians

Approved:

Marshall/Oman Hassan Ahmed Al Bachir

President of the Republic

Date: / /2014

Annex (See article 23, paragraph 3)

The Oath of the National Committee's President and Members

I, (President), (member) **swear by God Almighty** to carry out my duties faithfully and impartially, to maintain the confidentiality of all information and documents related to my work, and to disclose such information and documents only to the competent authorities, reconciling the confidentiality required to protect personal accounts and information with the transparency required to combat money laundering and terrorism financing offenses.

As God is my witness.