

THE UNITED REPUBLIC OF TANZANIA



FINANCIAL INTELLIGENCE UNIT

**MANUAL ON AML/CFT/CFP ENFORCEMENT FRAMEWORK FOR
SUPERVISORY AUTHORITIES**

2024

1. OBJECTIVES

The objective of this Manual is to describe the policies and procedures for the exercise of the enforcement actions available to AML/CFT/CFP supervisory authorities in URT in the event of non-compliance by reporting persons (licensees and registrants with the regulatory laws) who are subject to requirements under the Anti-Money Laundering laws.

2. INTRODUCTION

Pursuant to sections 6(1)(c) the FIU is a national center responsible for, among others, supervising reporting persons for compliance with anti-money laundering, countering terrorist financing and countering proliferation financing obligations under the AMLA and any other written laws.

In addition, pursuant to section 23A, the regulator or the FIU are required to-

- (a) enforce compliance by reporting persons in accordance with the requirements of the AMLA;
- (b) conduct onsite and offsite examinations for the purpose of monitoring and ensuring compliance by reporting persons; and
- (c) impose administrative sanctions for non-compliance.

Regulators are supervisory authorities of their respective sector and are responsible for exercising the enforcement powers granted under the laws and Anti-Money Laundering laws and any other legal instrument enacted by the Government from time to time.

This Manual describes the procedures the regulators will utilize in the process of undertaking enforcement action against licensees and registrants for non-compliance with relevant anti-money laundering legislative and regulatory instruments. Where the regulator has established requirements for enforcement or other remedial action to be taken by licensees and registrants, outside of these guidelines, they may utilize the procedures herein if they are deemed suitable in such cases.

3. SCOPE OF APPLICATION

This Manual applies to all regulators identified in the Anti-Money Laundering laws.

The regulators pursuant to the Anti-money laundering laws are defined to include regulator” includes, the Bank of Tanzania; Capital Markets and Securities Authority; Tanzania Insurance Regulatory Authority; Gaming Board

of Tanzania; Registrar of Societies of Societies; Registrar of Cooperatives; Registrar of Titles; Registrar of Non-Governmental Organizations; Registrar of Political Parties; Energy and Water Utilities Regulatory Authority; Tanzania Communication Regulatory Authority; Business Registration and Licensing Agency; Tanzania Investment Centre; Tanganyika Law Society; Architects and Quantity Surveyors Registration Board; National Board of Accountants and Auditors; Registration, Insolvency and Trusteeship Agency; the Mining Commission and any other regulatory authorities or agencies which the Minister may, by order published in the Gazette specify.

4. DEFINITIONS

For the purpose of this Manual, unless the context requires otherwise-

“administrator” means a person appointed to assume control of the affairs of a licensee or registrant;

“Advisor” means a person appointed to advise on the proper conduct of affairs of a licensee or registrant.

“behavior” means any kind of conduct, including action or inaction.

“company” has the meaning ascribed to it under the Companies Act;

“financial crime” means any kind of criminal conduct relating to money or to financial services or markets, including any offence involving handling the proceeds of crime, and includes money laundering, terrorism financing, or proliferation financing;

“liquidator” means a person appointed to wind up a company or legal arrangement;

“receiver” means a person appointed to manage the assets attributable to a particular company for the purposes of the orderly closing down of the business;

5. APPROACH TO ENFORCEMENT

5.1 The regulator effective and proportionate use of its powers to enforce the requirements of Anti-Money Laundering laws plays an important role in the pursuit of its regulatory objectives.

5.2 The regulator has a range of regulatory tools available to help it meet its AML/CFT/CFP regulatory objectives.

- 5.3 There are a number of principles underlying the regulator’s approach to the exercise of its enforcement powers including the following:
- 5.3.1 The effectiveness of the regulatory regime depends to a significant extent on the maintenance of an open and co-operative relationship between the regulator and those whom it regulates;
 - 5.3.2 The regulator shall use a risk-based supervisory approach and its enforcement actions and procedures shall be aligned with this approach;
 - 5.3.3 The regulator shall seek to exercise its enforcement powers in a manner that is transparent, lawful, rational, proportionate, and consistent with its publicly stated policies and guidelines;
 - 5.3.4 The regulator shall pursue enforcement action that is timely and effective in dissuading licensees and registrants from future contraventions of the anti- money laundering laws and regulations; and
 - 5.3.5 The regulator shall exercise its enforcement powers in a manner that is effective, proportionate and procedurally fair to the contravention.
- 5.4 For confidentiality purposes, the regulator is not permitted to disclose any information relating to the affairs of the regulator, any application made to the regulator under the regulatory acts, the affairs of a party, or the affairs of a stakeholder that he has acquired in the course of his duties or in the exercise of the regulator’s functions, except in the performance of its duties under the law.
- 5.5 The regulator will not disclose details of the information received or the findings or requirements made during an inquiry or investigation. This would include disclosure of any enforcement actions that have not been notified publicly or enforcement actions that are not in the public domain.

6. THE COMPLIANCE PROCEDURE

- 6.1 The ultimate objective is to ensure that regulators use of clear procedure for enforcement action when necessary.
- 6.2 The regulators must demonstrate a high level of responsibility in ensuring compliance with the Anti-Money Laundering laws. Regulators that fail to enforce the anti-Money laundering laws run the risk of negatively impacting the interests of stakeholders, financial stability and the wider

economy; and harming their own reputation and the reputation of the country.

- 6.3 The broad areas of concern (hereinafter referred to as “contraventions”) that may result in the regulator taking enforcement action include all acts and omissions contrary to those identified in the AMLA and AMLPOCA including where the reporting person does not perform the following activities in accordance with the anti-money laundering laws:
- (a) conduct risk assessment of its business or activities; does not have in place measures/mechanisms to ensure that the risks are managed and mitigated; and does not prioritize and allocate ion of resources to help mitigation of the identified risks pursuant to section 15 of the AMLA and Section 10 of AMLPOCA,
 - (b) conduct CDD measures and ongoing monitoring of its customers in accordance with section 15A of the AMLA and Section 10C Of the AMLPOCA;
 - (c) maintain proper records pursuant to the requirements of sections 16 of the MLA and 11 of AMLPOCA;
 - (d) report suspicious transactions to the FIU as per the requirements in sections 17 of the AMLA and Section 12 of AMLPOCA;
 - (e) maintain internal AML/CFT/CFP policies, controls and procedures, pursuant to sections 18 of the AMLA and Section 13 of AMLPOCA;
- 6.4 Enforcement action can also be taken the regulator on the following grounds:
- (a) the reporting persons conducts itself in the manner detrimental to the requirements of the law relating to group wide programmes under section 19 of the AMLA and Section 14 of the AMLPOCA; and
 - (b) discloses or warns any person involved in a transaction or unauthorized third party regarding an STR contrary to section 20 of the AMLA and Section 15 of AMLPOCA;
- 6.5 In considering what action should be taken in the event of a concern arising from the reporting persons contravention and with a view of ensuring effective and proportionate sanctions are effected, the regulator should take into account, amongst other things, the following:

- (a) the impact on other stakeholders' interests, third parties and market confidence;
- (b) the nature and extent of the contravention;
- (c) the extent of the risk posed by the contravention, to the viability of the party and the overall stability of the financial system;
- (d) the ability and extent to which remedial action will rectify the contravention;
- (e) the willingness and ability of the party to cooperate with and assist the regulator with its investigations and in implementing its requirements. This includes how quickly, effectively and completely the party brought the contravention to the attention of the regulator; the degree and timeliness of cooperation in meeting the requests of the regulator for information, documents etc; any remedial actions the party has already taken or intends to take in rectifying the situation; and any action that has been taken to ensure that such a contravention does not arise in the future;
- (f) the compliance history of the party which includes whether the regulator or any other regulator has taken any previous action against the party; whether the party has previously failed to comply with conditions on its license/registration or directions of the regulator; and the general compliance history of the party in terms of any other correspondence considered relevant by the regulator;
- (g) the amount of the loss incurred or any benefit obtained as a result of the contravention;
- (h) the nature and extent of any predicate offence, money laundering, TF and PF facilitated, occasioned or otherwise attributable to the contravention;
- (i) the nature and extent of civil and/or criminal proceedings that have been or are expected to be commenced against the party or any of its directors and/or shareholders;
- (j) The extent to which the directors and officers have acted in a fit and proper manner;

- (k) whether there are a number of issues which, when considered individually may not justify an action to be taken, but which do, when considered collectively, indicate a pattern of unfit and improper behavior;
 - (l) Whether any regulations or guidance have been issued in respect of the contravention and, if so, the extent to which the party has complied with the regulations or guidance; and
 - (m) Action taken by the regulator or other regulatory authorities in previous similar cases.
- 6.6 The regulator will notify the party of the action that will be taken by the regulator according to the nature of the contravention and upon consideration of the factors listed above in paragraph 6.4.
- 6.7 In order to facilitate the delegation of responsibility, the Head of the respective compliance in regulatory authority shall provide to the management a summary of the pertinent background information of the party and the contravention occasioned and recommend the action to be taken by the regulator.
- 6.8 The head of Compliance will investigate and collect any further information that it deems necessary to determine an appropriate action. This may include receipt of legal advice regarding the sufficiency of the evidence obtained and the appropriateness of the proposed course of action.

7. INFORMATION GATHERING AND INVESTIGATION POWERS

- 7.1 The anti-Money laundering laws confers the regulators with powers to conduct onsite and offsite examinations for the purpose of monitoring and ensuring compliance by reporting persons. The law also empowers the regulators to impose administrative sanctions for non-compliance.
- 7.2 In order for the regulator to be seen to be fair, it is reasonably expected in connection with the exercise of enforcement functions conferred on it, before taking enforcement action, to issue a notice in writing unless the regulator is of the opinion that issuing a notice will prejudice the information gathering exercise. Under such circumstances, the regulator will not issue the notice and will proceed directly with information gathering exercise.

- 7.3 The regulator may also require the reporting person or any other person in connection to the transaction that is being investigated to provide specified information or information of a specified description; or to produce specified documents or documents of a specified description.
- 7.4 The regulator may also apply to the court to have a person examined on oath and have the results of that examination sent to the regulator.
- 7.5 Where documents are produced pursuant to these powers, the regulator may take copies of them or extracts from them.
- 7.6 The regulator, where satisfied that assistance should be provided in response to a request by an overseas regulatory authority, may direct in writing a person regulated; a connected person; a person that is engaging in an activity that is subject to AML/CFT/CFP regulation; or a person reasonably believed to have information relevant to any enquiries to which the request relates to –
- (a) provide the regulator with specified information or information of a specified description with respect to any matter relevant to the inquiries to which the request relates;
 - (b) produce specified documents or documents of a specified description to those inquiries; or
 - (c) give to the regulator such assistance in connection with those inquiries as the regulator may specify in writing.
- 7.7 The regulator may use its power to apply to a magistrate to issue a warrant authorizing the regulator or a police officer and any such other persons to search, inspect and take possession of documents or any other things to facilitate the investigation.

9. ENFORCEMENT DECISION MAKING PROCESS

- 9.1 The regulator's powers to take enforcement action are of two types:
- (a) those that the regulator may exercise by issuing a notice to show cause why enforcement action should not be taken and a decision notice after determination of the action to be taken; and
 - (b) those that the regulator may exercise actions without the notice.

9.2 The purpose of issuing a Notice is to give reasonable opportunity for parties affected by enforcement decisions of the regulator to make representation to the regulator prior to the decision being finalized. This procedure is relevant to the following regulatory decisions:

- (a) suspension of the license of a licensee or the registration of a registrant or revocation of the license of a licensee or cancellation of a registration of a registrant;
- (b) imposition or amendment of conditions or imposition of further conditions on a license or registration;
- (c) removal or substitution of a director, operator, senior officer, general partner, promoter, manager or shareholder of a licensee or registrant (as applicable); or
- (d) requiring licensees or registrants to take such action as the regulator reasonably believes necessary.

9.3 **Issuing a Notice**

9.3.1 Where a regulator is contemplating to proceed with one of the enforcement actions, it will issue a Notice to the concerned person to alert the recipient to the fact the regulator intends to take the regulatory action, and to indicate that the recipient may make representations to the regulator.

9.3.2 Once the regulator has determined that a Notice is to be issued, such notice must-

- (a) be in writing;
- (b) State the action that the regulator proposes to take; and
- (c) Document the regulator's reason for the proposed action.

9.3.3 The Notice must contain a statement that the affected party may make written representations to the regulator and-

- (a) specify a reasonable period of up to 14 days from receipt of the Notice, within which the person whom it is served on may make representations;
- (b) detail a contact and address at the regulator to whom representations must be made.

- 9.3.4 The regulator may expand or amend the scope of its action and/or shorten the Notice period to 7 days, at its discretion depending on the nature and seriousness of the contravention.
- 9.3.5 There may be exceptional circumstances in which the regulator is unable to disclose full reasons for the proposed decision. Such situations would include-
- (a) information between the regulator and its professional legal advisor;
 - (b) information which a court has directed to not be disclosed;
 - (c) information indicating knowledge or suspicion that a person is engaged in money laundering, terrorist financing or proliferation activity;
 - (d) information received from a regulatory or law enforcement authority;
 - (e) information received on a confidential basis;
 - (f) where the disclosure of information could adversely affect the national interest, including the financial stability or national security; or
 - (g) where it is in the public interest to do so.
- 9.3.6 In the exceptional circumstances referred to in paragraph 9.3.5, the decision not to fully disclose reasons will be approved by the the Board of Directors of the regulator.

9.4 The Representation Process

- 9.4.1 In deciding on the length of the representation period, the regulator will have regard to the circumstances of each case, including the complexity of the issues/details surrounding the contravention, the nature of the proposed action and its likely effect on the person concerned.
- 9.4.2 The regulator will also have particular regard to the risk to stakeholders, the financial system and to its regulatory objectives of any delay in imposing the proposed action.
- 9.4.3 After receiving the Notice, if the party concerned believes that the stated period for making representations is inadequate, he/she may

within a period stipulated by the regulator in accordance with the regulatory laws, request the regulator in writing for more time.

- 9.4.4 Requests for an extension of time will be considered by the regulator, which will promptly notify the recipient of the notice whether the request for an extension of time has been accepted.
- 9.4.5 At the discretion of the regulator, each recipient may be granted one extension of up to 7 days.
- 9.4.6 Where the regulator receives no response or representations within the period specified in the Notice, the regulator may regard as undisputed the allegations or matters detailed in the Notice and proceed to issue a Decision Notice.
- 9.4.7 Upon receiving written representations in relation to a Notice to show cause why enforcement action should not be taken, the regulator will have two options available to it:
 - (a) If the regulator is of the view that it should take the action presented in the Notice or any other action warranted, it will issue the Decision; and
 - (b) Where the regulator decides not to take any action, it will notify all relevant parties of its decision not to proceed.

9.5 Issuing a Decision

- 9.5.1 Where the regulator decides to take the action proposed in its Notice to show cause or any other action in the circumstances set out in the preceding paragraphs, during the Notice Period, it will issue a Decision.
- 9.5.2 Once the regulator has determined that a Decision is to be issued, such decision must-
 - (a) be in writing;
 - (b) state the decision taken by the regulator;
 - (c) state the regulator's reasons to take the action to which the Decision relates; and
 - (d) state the effective date the regulator's decision shall become enforceable or commence its application.
- 9.5.3 The regulator will send the final Decision to the relevant parties, which must be subject to right to apply for reconsideration or appeal.

9.6 The Decision Procedure in Urgent Situations

- 9.6.1 There will be situations when the regulator will need to deal with a matter urgently or expeditiously. These will include the exercise of statutory powers where time is of the essence in order to protect the interests of stakeholders; or where there are concerns about the imminent failure of the institution, heightened contagion risks and/or risks to the financial system.
- 9.6.2 It is not possible to provide an exhaustive list of the situations that will give rise to such serious concerns; however, they are likely to include one or more of the following AML/CFT/CFP contravention characteristics indicating:
- (a) a significant loss, risk of loss, or other adverse effects for stakeholders, where action is necessary to protect their interests;
 - (b) a party's conduct has put it at risk of being abused for the purposes of ML/TF/PF or any financial crime, or of being involved in such crime;
 - (c) Evidence that the party has knowingly submitted to the regulator inaccurate or misleading information so that the regulator becomes seriously concerned about a party's viability or ability to meet its regulatory obligations;
 - (d) circumstances suggesting a serious problem within a party's structure or with a party's management that call into question the party's ability to continue to meet the AML/CFT/CFP requirements, where that party is a trust, partnership or company;
 - (e) evidence that the party is exposed to heightened ML/TF/PF risk exposure as a result of the lack of fitness and propriety of a director, operator, senior officer, general partner, promoter, or shareholder; and
 - (f) information that the direction and management of a licensee's or registrant's business is not conducted in a fit and proper manner and therefore poses significant ML/TF/PF risk to the entity.
- 9.6.3 Whether the urgent exercise of powers is an appropriate response to serious concerns will depend on a number of factors, which include, but are not limited to:

- (a) the seriousness of any suspected contravention of the preventive measures and Anti-Money Laundering laws; and the steps required to taken to correct the contravention;
- (b) the risk that the party's conduct or business presents to other participants, the financial system and to the confidence in the financial system, including the potential for contagion;
- (c) Public interest concerns;
- (d) the nature and extent of any false or inaccurate information provided by the party; and,
- (e) the impact that the use of the regulator's powers will have on the party and on stakeholders.

9.6.4 In order to deal with the matter expeditiously it may also be necessary for the regulator to delegate authority to one or more persons in pursuing enforcement action to be taken.

10. ENFORCEMENT ACTIONS TOOLKIT

10.1 The regulator has a range of enforcement powers and in any particular enforcement situation, the regulator may need to consider the most appropriate power to be used and whether it may be necessary to use one or more of the powers.

10.2 The actions that the regulator may take include:

- (a) Suspension of the license of a licensee; suspension of a registration of a registrant; or revocation of the license of a licensee or cancellation of a registration of a registrant;
- (b) Imposition or amendment of conditions or further conditions on a license or registration;
- (c) requiring the removal or substitution of a director, operator, senior officer, general partner, promoter, insurance manager or shareholder of a licensee or registrant (as applicable);
- (d) appointing a person to assume control of the affairs of a licensee or registrant or appointing a person to advise a licensee or registrant on the proper conduct of its affairs;

- (e) requiring a licensee, registrant, or other entity to obtain an auditor's report on its anti-money laundering systems and procedures for compliance with the Anti-Money Laundering laws;
 - (f) applying to Court for an order directing that the licensee be wound up or dissolved in accordance with the relevant laws;
 - (g) requiring licensees or registrants to take such action as the regulator reasonably believes necessary; and/or referring contraventions that result in offences and criminal penalties to the appropriate authorities.
- 10.3 The regulator has at its disposal, additional powers that it may utilize to assist entities that are at risk of the imposition of enforcement action including directing the contravening party to cease, desist or refrain from:
- (a) committing an act that is unsafe or unsound, and perform such actions that are in the opinion of the regulator, necessary to remedy or ameliorate the situation; or
 - (b) pursuing a course of conduct that is unsafe or unsound, and perform such actions that are in the opinion of the regulator, necessary to remedy or ameliorate the situation.

10.4 SUSPENSION OF LICENCE OR REGISTRATION

10.4.1 Application

This enforcement action applies to licensees and registrants where the licensee or registrant is not a natural person.

10.4.2 Purpose

The suspension of a license or registration is used by the regulator to fulfil its regulatory objectives. It is employed when a licensee's or registrant's business has occasion severe contraventions that require that operations be suspended for a period of time, usually short term, with the intent that the licensee or registrant will restructure its business or management to bring it into compliance with the relevant Anti-Money Laundering laws.

10.4.3

Criteria

The regulator will consider the relevant circumstances of each case when deciding whether it is appropriate to suspend a license or registration. The general factors that the regulator will consider before deciding to exercise this enforcement power may include, but is not limited to, the following:

- (a) the seriousness of any suspected breach of the Anti-Money Laundering laws and the steps required to be taken to correct the breach. If the breach can be corrected in the short term, then suspension may be appropriate;
- (b) the extent of any loss, or risk of loss or other adverse effect on stakeholders. Where the extent of loss is none or minimal, the suspension of the license or registration will not be appropriate;
- (c) the extent to which the stakeholders appear to be at risk. Suspension is appropriate when it is necessary to freeze any further payments out of the licensee or registrant;
- (d) the financial resources of the licensee or registrant. The greater the financial resources, the more likely that the problem can be rectified in the short term;
- (e) the capacity of the licensee or registrant to implement adequate risk management techniques to mitigate the potential loss from exposures. Suspension may not be appropriate in cases where the licensee is ill-equipped or unable to manage its risks;
- (f) Management's present and historical attitude to resolving problems. If management or the directors have had an open and co-operative attitude to resolving the problem, then suspension of the license or registration may be appropriate;
- (g) the availability of possible solutions to rectifying the problem in the short term, for example implementation of a remedial measure plan or a change in management;

10.5 The suspension of the license or registration will only be taken when the problem is expected to exist in the short term.

10.5.1 Implementation

Once the regulator has decided and has received the necessary resolution to suspend a party's license or registration, the regulator will take the following steps to implement the suspension:

- (a) communicate the suspension to the persons or entities responsible for managing the licensee or registrant;
- (b) notify the public of the suspension;
- (c) determine whether it is necessary to apply ex parte to the Court for an order that the information, books or papers of the licensee or registrant be preserved, not moved or otherwise disposed of.

10.5.2 Suspension of License or Registration (Natural Persons)

A: Application

This enforcement action applies to licensees and registrants who are natural persons.

B: Purpose

The suspension of a license or registration is used by the regulator to fulfil its regulatory objectives. Suspension of a natural person's license or registration is also used in short term situations where a person's ability to carry out its business effectively is under review.

C: Criteria

The regulator will consider the relevant circumstances of each case when deciding whether it is appropriate to suspend a license or registration. The general factors that the regulator will consider before deciding to exercise this enforcement power may include, but are not limited to:

- (a) the seriousness of any suspected breach of the Anti-Money Laundering laws and the steps required to be taken to correct the breach. If the breach can be corrected in the short term, then suspension may be appropriate;
- (b) the extent of any loss, or risk of loss or other adverse effect on stakeholders. Where the extent of loss is none or minimal, the suspension of the license or registration may be appropriate;
- (c) the extent to which the stakeholders are at risk. Suspension is appropriate when it is necessary to reduce the opportunity for a licensee or registrant to continue a course of action or potential course of action.
- (d) the availability of possible solutions to rectifying the problem in the short term, for example if there is a discrete timeframe on an outstanding issue;
- (e) the suspension of the license or registration should only be taken when the problem is expected to exist in the short term.

10.5.3 Revocation of License or Cancellation of Registration

A: Application

This enforcement action applies to all licensees and registrants.

B: Purpose

The revocation of license or cancellation of registration is employed when the licensee or registrant is in serious contravention of the Anti-Money Laundering laws. Because the revocation or cancellation does not necessarily cause the entity to cease to operate, the regulator will take additional steps to have an entity struck from the companies' register, register of trusts, partnerships, or any other registry;

Where third party stakeholders' interests are at risk, the regulator may consider taking other enforcement action, for example the appointment of an Administrator before resorting to revocation or cancellation.

C: Criteria

The regulator will consider the relevant circumstances of each case when deciding whether it is appropriate to revoke a license or cancel a registration. The general factors that the regulator will consider before deciding to exercise this enforcement power may include, but are not limited to:

- (a) the seriousness of any suspected breach of the Anti-Money Laundering Regulations, the steps required to be taken to correct the breach and the public interest;
- (b) the extent of any loss, or risk of loss or other adverse effect on stakeholders. Where the extent of loss, risk of loss or adverse effect is none or minimal, the revocation may not be proper;
- (c) the extent to which the stakeholders are at risk. Revocation or cancellation may not be proper or appropriate when third parties have no or minimal risk;
- (d) the lack of financial resources of the contravening party would suggest that the party may not be able to put in place the necessary mitigation of the ML/TF/PF risks. In this regard, revocation or cancellation is appropriate;
- (e) the extent to which the contravention could pose contagion risks. Where the breach has adverse implications for other financial system participants or the financial system as a whole, revocation may be appropriate;
- (f) the availability of alternative solutions. Where there are limited options available to rectifying

the problem, revocation or cancellation may be appropriate.

D: Implementation

This Manual sets out the procedures that should be followed when the regulator is proposing to revoke a license or cancel a registration.

Once the regulator has decided and has made the necessary resolution to revoke a license or cancel a registration, the regulator will take the following steps to implement the revocation or cancellation:

- (a) communicate the revocation or cancellation to the persons or entities responsible for managing the licensee or registrant; and
- (b) notify the public of the revocation or cancellation.

10.6 Substitution of a Director, Operator, Senior Officer, General Partner, Promoter, or Shareholder

A: Application

This enforcement action applies to all licensees and registrants.

B: Purpose

It is a requirement under the laws that persons carrying out certain functions in a licensee or regulated entity must be fit and proper and such persons must be approved by the regulator and therefore are expected to remain fit and proper.

C: Criteria

The following should be the criteria for the regulator's assessment as to whether a person is fit and proper:

- (a) Honesty, integrity and reputation;
- (b) Competence and capability; and
- (c) Financial and professional soundness.

D: Implementation

The regulator must have procedure for assessing Fitness and Propriety that sets out and establishes the manner in which the regulator will take to assess the fitness and propriety of persons who are directors, operators, senior officers, general partners, promoters, managers or shareholders of licensed or registered entities.

Once the regulator has cause to consider that a person is no longer fit and proper, the regulator will take the following steps:

- (a) Issue the licensee, registrant or person in the regulated activity, a notice of the regulator's assessment in accordance this Manual; and provide them with the opportunity to make representations to the regulator within an appropriate timeframe.
- (b) the regulator will consider those representations and make a decision on whether the person is fit and proper based on available information.
- (c) If the regulator, maintains the view that the person is not fit and proper, the regulator will request that the licensee or registrant remove and replace the person within a reasonable timeframe.

10.7 Appointment of an Administrator

A: Application

This enforcement action applies to all licensees and registrants.

B: Purpose

The appointment of an Administrator is used by the regulator to fulfil its regulatory objectives, protect stakeholders and reduce financial crime by, amongst other things, enabling it to-

- (a) stop licensees, registrants and unauthorized persons carrying on unlawful business; and
- (b) Protect the assets of the licensee or registrant.

Pursuant to the law, an Administrator is appointed at the expense of the licensee or registrant.

C: Criteria

The regulator will take full account of the principle adopted by the courts that recourse to the appointment of an Administrator is a step to be taken when there are serious concerns regarding the lawfulness of the licensee's or registrant's business.

The regulator will consider the relevant circumstances of each case when deciding whether to use its powers and exercise its rights. The regulator will also consider the other powers available to it under the Anti-Money Laundering law and the extent to which the use of the other powers meets the needs of stakeholders as a whole and the regulator's supervisory objectives. The regulator will also consider the rights of the stakeholders of the licensee or registrant under the law.

The general factors that the regulator will consider before deciding to exercise this enforcement power may include, but are not limited to:

- (a) the seriousness of any suspected breach of the Anti-Money Laundering laws and the steps required to be taken to correct the breach. If the business of the licensee or registrant is unlawful, or the breach of the of the Anti-Money Laundering laws is serious, then the appointment of an Administrator may be appropriate;
- (b) the extent of any loss, risk of loss or other adverse effect on stakeholders. Where the extent of loss is significant, the appointment of an Administrator may be appropriate;
- (c) the extent to which the stakeholder's assets appear to be at risk. The appointment of an Administrator is appropriate when it is necessary to protect or control the licensee or registrant;
- (d) the financial resources of the licensee or registrant. Although not a primary consideration, there should be sufficient resources to pay the costs of the Administrator;
- (e) management's present and historical attitude to resolving problems. If management or the directors have a history of being difficult or noncooperative to resolving regulatory

problems, then the appointment of an Administrator may be appropriate;

- (f) the extent to which the contravention could pose contagion risks. Where the breach could have adverse implications for other financial system participants or the financial system as a whole, appointment of an Administrator may be appropriate;
- (g) the availability and effectiveness of alternative solutions. The appointment of an Administrator will be used after consideration has been given as to whether an alternative action meets the needs of stakeholders as a whole and the regulator's regulatory objectives.

D: Implementation

Once the regulator has decided and has received the necessary resolution to appoint a person to take control of the licensee's or registrant's affairs, the regulator will take the following steps to implement the appointment:

- (a) prepare and issue the terms and conditions of appointment of the Administrator;
- (b) where applicable, the Administrator should be advised of the requirement to apply to the Court to obtain directions under the Bankruptcy Law.

10.8 Appointment of an Advisor

A: Approach

This enforcement action applies to all licensees and registrants.

B: Purpose

The appointment of an Advisor is used by regulator in circumstances where the regulator is of the opinion that the business of the licensee or registrant is fundamentally sound but has been mismanaged, where the internal controls or risk management systems of the licensee or registrant are weak or where insufficient anti-money laundering policies are in place.

The Advisor is appointed at the expense of the licensee or registrant.

C: Criteria

The regulator will consider the relevant circumstances of each case when deciding whether it is appropriate to appoint an Advisor.

The general factors that the regulator will consider before deciding to exercise this enforcement power may include, but are not limited to, the following:

- (a) the seriousness of any suspected breach of the Anti-Money Laundering laws and the steps required to be taken to correct the breach. If the breach cannot be resolved easily, then the appointment of Advisor may be appropriate.
- (b) the extent of any loss, risk of loss or other adverse effect on stakeholders. Where the extent of the loss is not significant and there is a reasonable expectation that with expert advice the situation is resolvable, the appointment of Advisor may be appropriate;
- (c) the extent to which the stakeholders' assets appear to be at risk. The appointment of an Advisor is appropriate when it appears that the licensee or registrant is at significant risk;
- (d) the financial resources of the licensee or registrant. There should be sufficient resources to pay the costs of the Advisor and maintain the business of the licensee or registrant;
- (e) Management's capacity to undertake remedial action towards resolving the breaches and to implement systems to avoid future contraventions;
- (f) Management's present and historical attitude to resolving problems. If management or the directors have a history of not being co-operative to resolving regulatory problems, then the appointment of Advisor may be appropriate;
- (g) the availability and effectiveness of alternative solutions. The appointment of Advisor will be considered in more serious issues.

D: Implementation

Once the regulator has decided to appoint an Advisor, the regulator will take the following steps to implement the appointment:

- (a) communicate the appointment to the persons responsible for managing or operating the licensee or registrant;
- (b) provide the terms of the appointment to the Advisor or allow the licensee or registrant to appoint their own Advisor on the approval of the regulator;
- (c) communicate the deadline for an interim report and recommendations;

The Advisor must provide advice to the licensee or registrant on the steps required or systems to be implemented to put the licensee or registrant in compliance. The regulator must give prior approval to any proposal.

The regulator must receive the Advisor's recommendations and must approve the recommendations before the licensee or registrant can proceed with the implementation.

The regulator must receive all reports, interim or final, at the time that they are issued to the licensee or registrant.

10.9 The Procedure for Appointing Administrators and Advisors; and Auditors for Anti-Money Laundering Audits

10.9.1 The regulator shall also apply the procedures in this section for the appointment of an auditor to conduct an AML audit.

10.10 Winding Up, Dissolution or Receivership Applications

A: Application

This action applies to all licensees and registrants.

A receiver may only be appointed over the part of the business of a reporting person, where the whole reporting person is not being wound up.

B: Purpose

The winding up, dissolution, or appointment of a receiver over a licensee or registrant is considered once a person has been appointed an Administrator or Advisor to a licensee or registrant.

Upon receipt of a report from an Administrator or Advisor, the regulator may, if the licensee or registrant is a:

- (a) company, apply to the for the company to be wound up by the Court;
- (b) subsidiary or a part of the licensee or registrant, apply to the Court for the appointment of a receiver over one or more of the subsidiary or part of the business of the reporting person;
- (c) trust or other legal arrangement, apply to the Court for an order directing the trustee or the person responsible for management of the legal arrangement to wind up such trust or the other legal arrangement as the case may be; or
- (d) partnership, apply to the Court for an order to dissolve the partnership.

The winding up, dissolution, or appointment of a receiver over a part of the licensee or registrant is used by the regulator to fulfil its regulatory objectives, of protecting stakeholders and reducing financial crime by, amongst other things, enabling it to-

- (a) stop licensees, registrants and unauthorized persons carrying on unlawful business, and
- (b) ensure the orderly realization and distribution of the assets to the owners.

C: Criteria

- (1) The regulator will take full account of the principle adopted by the courts that in the recourse of the winding up, dissolution, or appointment of a receiver over a part of the licensee or registrant. This enforcement action is taken for the benefit of creditors as a whole. It also takes full account of the fact that the court will have regard to public interest when considering whether to wind up, dissolve, or appoint a receiver over a part of the licensee or registrant on the grounds that it is just and equitable to do so. The regulator will use its powers with these in mind.
- (2) The regulator will consider the recommendations of the Administrator or Advisor and the facts of each case when deciding whether to use its powers and exercise its rights. The regulator will also consider the other powers available to it and

to the stakeholders of the licensee or registrant, and the extent to which the use of the other powers meets the needs of stakeholders as a whole.

- (3) The general factors that the regulator will consider before deciding to exercise this enforcement power may include, but is not limited to, the following:
- (a) whether the licensee or registrant has taken or is taking steps to:
 - (i) petitioning for its own compulsory winding up, dissolution or appointment of a receiver over a segregated portfolio;
 - (ii) placing itself into voluntary liquidation, dissolution or appointment of a receiver over a segregated portfolio; or
 - (iii) proposing to enter into a voluntary arrangement; and the effectiveness of these steps.
 - (b) whether any stakeholder or other creditor of the licensee or registrant has taken steps to petition the licensee or registrant into liquidation, dissolution, or the appointment of a receiver over a segregated portfolio;
 - (c) the effect on the licensee or registrant and on the creditors if the licensee or registrant is wound up, dissolved, or a receiver is appointed over a segregated portfolio;
 - (d) whether the use of other powers available to the regulator will achieve the same or a more advantageous result in terms of protection of consumers, and of market confidence and the restraint and remedy of unlawful activity;
 - (e) the nature and extent of the licensee's or registrant's resources and whether the licensee or registrant holds stakeholders' assets and whether its secured and preferred liabilities are likely to exceed available assets.
 - (f) whether there is a significant cross border or international element to the business of the licensee or registrant and the effect on foreign business or on the continuation of the business abroad of making an order for winding up, dissolution, or the appointment of a receiver over a segregated portfolio;
 - (g) whether there is an advantage to seeking a moratorium in relation to proceeding against the licensee or registrant;

- (4) when deciding whether to petition on the grounds that it is just and equitable for the licensee or registrant to be wound up, dissolved, or a receiver be appointed over a part of the business, the regulator will consider the relevant facts including:
- (a) whether the interests of the stakeholders and the public interest require the licensee or registrant to cease to operate;
 - (b) the need to protect stakeholders' claims and stakeholder assets;
 - (c) whether the interests of stakeholders and the public interest can be met instead by the use of other powers available to the regulator;
 - (d) whether the licensee or registrant appears to have been or has been involved in financial crime or appears to be or has been used as a vehicle for ML/TF/PF or other financial crimes;
 - (e) the complexity of the licensee or registrant (as this may have a bearing on the effectiveness of winding up, dissolution, or the appointment of a receiver over a segregated portfolio, or any alternative action);
 - (f) whether there is significant cross border or international element to the business being carried on by the licensee or registrant and the impact on the business in other jurisdictions;
 - (g) the adequacy and reliability of the licensee's or registrant's transactions and other administrative records;
 - (h) the extent to which the licensee's or registrant's management has cooperated with the regulator.

D: Implementation

- (1) Once the regulator has decided to apply to Court to wind up, dissolve, or appoint a receiver over a part of the business of the licensee or registrant, the regulator will take the following steps:

(a) the regulator will arrange in their role as petitioner to file the appropriate legal documentation with the Court;

(b) the documents must be served on such parties as required by the relevant laws, regulations or rules of the Court;

(c) Publish the petition in the Gazette.

(2) The Legal Counsel(s) and the person swearing the affidavit must attend the petition.

(3) The regulator will co-ordinate finalization of the sealed order of winding up/dissolution of the licensee or registrant and delivery of such upon the appointed liquidators.

11 PROSECUTIONS OF OFFENCES AND ASSESSMENT OF FINES AND PENALTIES

11.1 Application

This enforcement action applies to all licensees or registrants or those carrying on business without being a holder of a relevant license; operators and other company service providers.

11.2 Purpose

The prosecution of offences and assessment of fines are regulatory tools the regulator may employ to help it to achieve its regulatory objectives. The principal purpose of prosecuting offences and assessing fines is to promote high standards of regulatory conduct by deterring parties who have breached AML/CFT/CFP requirements from committing contraventions, helping to deter other parties from committing contraventions, and by demonstrating generally to parties the benefits of compliance behavior.

11.3 Criteria

(1) The regulator must attach considerable importance to the following two matters:

(a) those persons or entities carrying on business being properly licensed or registered. This allows the regulator to determine whether a person is a fit and proper person to hold a position as

director, manager or officer of a licensee or registrant and to properly regulate the business of the licensee or registrant once its license or registration has been approved;

- (b) Licensees or registrants making timely submission of reports and relevant documents. This is because the information that they contain is essential to the regulator's assessment of whether the licensee or registrant is complying with the requirements and standards under the AML/CFT/CFP regime and the regulator's understanding of the licensee's or registrant's business.
- (2) The Anti-Money Laundering Law requires that contraventions that result in a party being guilty of an offence should be subject to administrative measures which have been set out in this manual or be liable upon conviction to a fine to the tune of specific amounts.
- (3) This enforcement action is to be used after consideration has been given as to whether an alternative power meets the regulator's AML/CFT/CFP supervision objectives.
- (4) In certain cases, the regulator may consider that although a contravention has taken place, it may not be appropriate or beneficial from a regulatory point of view to bring formal disciplinary action against the party where the prosecution of offences and assessment of fines will achieve the regulatory objectives.

11.4 Implementation

- (1) Once the regulator has decided that this enforcement action is appropriate, it will be necessary for the regulator to make a recommendation to the Director of Public Prosecutions to commence proceedings against the party.
- (2) the Director of Public Prosecutions would thereupon be responsible for prosecuting the offence and convicting the person, which, if convicted, the amount of the fine would be determined.

12 ADMINISTRATIVE SANCTIONS

The administrative sanctions set out in the third column of the schedule to this Manual shall be administered by the regulator or FIU for all contraventions or infractions set out in the second column of the schedule.

SCHEDULE

ADMINISTRATIVE SANCTIONS AND PENALTIES

S/N o.	<i>Required Action</i>	<i>Contravention/Infraction</i>	<i>Administrative Sanction/Penalty</i>
A. CORPORATE GOVERNANCE AND ROLE OF THE BOARD/MANAGEMENT			
1.	AML/CFT programme that clearly outlines the AML/CFT policies and procedures of the institution.	* Failure to have written AML/CFT/CFP policies and procedures.	A minimum penalty as follows: TZS 500,000 per individual TZS 5,000,000 company or other legal
2.	Approval of written AML/CFT policies and procedures.	* Failure to approve the AML/CFT/CFP policies and procedures	A minimum penalty of TZS 300,000 per each on each member of the Board
3.	Periodic review and update of the AML/ CFT policies and procedures at least every three (3) years.	* Failure to review/ update the AML/CFT/CFP policies and procedures at least every three (3) years.	A minimum penalty of TZS 300, 000 on the Chief Compliance Officer and a minimum of TZS 5,000,000 for the company.
4.	Communication of the AML/CFT program across the institution and ensuring that it is effectively implemented.	* Failure to communicate the AML/CFT/CFP program of the organization to employees.	A minimum penalty on of TZS 300,000 for the Chief Compliance Officer and a Minimum of TZS 5,000,000 for the company.
5.	Supervision of implementation of the AML/CFT program, risk management and reporting requirements by the Board.	* Failure of the Board or its Committee to supervise and ensure the effective implementation of the AML/CFT program.	A minimum penalty of TZS 300,000 on each member of the Board
6.	Receive, review and provide feedback on periodic reports on AML/CFT issues submitted by senior management.	* Failure of the Board to review and provide feedback to Management on reports that it receives on AML/ CFT issues.	A minimum penalty of TZS 300,000 on each member of the Board and a minimum of TZS 5,000,000 for the company
7.	Generate periodic reports on AML/CFT issues to the Board or its relevant Committee(s).	* Failure of the Officer to generate periodic reports on AML/CFT issues to the Board or its relevant Committee.	* A minimum penalty on of TZS 300,000 for the Chief Compliance Officer and a Minimum of TZS 5,000,000 for the company.
8.	Formulation and issuance of Code of Conduct/Ethics to staff that include observance of ethical requirements relating to AML/CFT	* Failure to formulate or to issue and ensure the observance of a Code of conduct/ethics that includes AML/CFT by staff	* A minimum penalty of TZS 300,000 on each member of the management and a minimum of TZS 5,000,000 for the company
9.	Put in place management information system to monitor, detect, analyze and generate reports on suspicious transactions.	* Failure to put in place a system to monitor, detect, analyze and generate reports on suspicious transactions.	*A minimum penalty on of TZS 20,000,000 for the company.
B. RISK MANAGEMENT:			
	<i>Required Action</i>	<i>Offence</i>	<i>Sanction/Penalty</i>
10.	Having an Institutional ML/TF/PF Risks assessment as part of the overall Risk Management Framework of the institution.	* Failure to recognize ML/TF/PF risks in the Risk Management Framework.	A minimum penalty of TZS 5,000,000 on the first instance and 10,000,000 in all other subsequent occasions.

11	Put in place ML/TF risk classification system.	<ul style="list-style-type: none"> * Failure to classify ML/ TF/PF risk. * Failure to put in place guidelines for risk assessment; Failure to profile clients/customers in the institutions' AML/CFT approved program. * Failure to carry out risk assessment and. 	<p>A minimum penalty of TZSA 1,000,000 on the Managing Director and TZS 500,000 for the Head of Risk Management</p> <p>A minimum penalty TZS 10,000,000 for failure to put in place guidelines for risk assessment and conducting Risk Assessments;</p> <p>A minimum of TZS 15,000,000 for not profiling customers as part of the AML/CFT program of the institution.</p>
12.	Put in place policy for the prohibition of numbered accounts, anonymous accounts, or accounts in fictitious names and shell companies.	Non-existence of policy on prohibition of numbered or anonymous accounts, accounts in fictitious names, and shell companies, from doing business with the bank.	A minimum penalty of 50,000,000 on the institution
13.	Establishment of screening mechanism for PEPs, UN sanctioned persons/entities list, other official lists, and internally generated lists of high-risk customers.	* Failure to establish screening mechanism for PEPs, UN sanctioned persons/ entities list, other official lists, and internally generated lists of high-risk customers.	A minimum penalty of TZS 20 million on the institution and 1 million for the Chief executive and Compliance officer.
14	Consideration of ML/TF/PF risks in approving expansion of business e.g. new branches, and markets (domestic and foreign), new products/ services.	* Failure of the Board and Management to consider and document ML/TF/PF risks as part of the approval process for the expansion of business* (including introduction of new products and services).	A minimum penalty TZS 50,000,000 on the institution and TZS 300,000 for each member of Management and the Board of Directors.
C. POLICIES AND PROCEDURES ON CUSTOMER DUE DILLIGENCE (CDD):			
	<i>Required Action</i>	<i>Offence</i>	<i>Sanction/Penalty</i>
15.	Establishment of written and Board-approved policies and procedures on CDD/KYC requirements.	* Failure to establish written policies and procedures on CDD/ KYC requirements.	A minimum penalty of TZS 20,000,000 for the institution and 500,000 on the member of the Board and management.
16.	Implementation of AML/CFT/CFP policies and procedures in all branches including, foreign branches and subsidiaries, if applicable.	* Failure to implement AML/CFT/CFP policies and procedures in all branches (including foreign branches and subsidiary).	* A minimum penalty of TZS 20,000,000 for the institution.
17.	Implementation of CDD measures for Customer Identification (whether permanent or occasional, natural or legal	* Failure to implement CDD measures for Customer Identification.	A minimum penalty of TZS 20,000,000 for the institution and 200,000 on the member management and compliance officer.

	persons, or legal arrangements, etc.).		
18.	Implementation of CDD measures for Verification of Customer Identification using reliable, independent source documents, data or information.	* Failure to implement CDD measures for Verification of customer Identification	A minimum penalty of TZS 500,000 for each failure to verify the customer identity.
19.	Obtain information on the beneficial owner of accounts, where a customer is an intermediary or authorized representative of another party, including but not limited to the following information (a) Legal relationship and authority, such as evidence of assignment. Power of attorney resolution and similar mandates. (b) Information on the source of funds/wealth of the ultimate beneficial owner. (c) Identity of management and principal owners/controllers of a company being represented. (d) Similar information on the procedure for acceptance of individual customers.	* Failure to obtain information on the beneficial owner where a customer is an intermediary or authorized representative of another party.	A minimum penalty of TZS 200,000 for each failure to obtain such information and TZS 150,000 on the Chief Compliance Officer.
20	Classification of customers into designated risk categories and apply customer due diligence (CDD) accordingly.	*Failure to classify customers into designated risk categories and apply CDD accordingly.	A minimum penalty of TZS 200,000 on the Chief Compliance Officer *
D. POLICIES AND PROCEDURES ON MAINTENANCE OF RECORDS:			
	<i>Required Action</i>	<i>Offence</i>	<i>Sanction/Penalty</i>
21.	Maintenance of CDD and transaction records (in electronic or paper form, onsite/ offsite storage) for at least 5 years.	*Failure to maintain records obtained through CDD measures and transaction records for at least 5 years after cessation of relation-ship in hard or soft copies.	A minimum penalty of TZS 5,000,000.
22.	Establish a record keeping system that is easy to retrieve on a timely basis.	* Failure to establish a record-keeping system that facilitates easy retrieval of records on a timely basis.	A minimum penalty of TZS 5,000,000.

E. MONITORING SUSPICIOUS TRANSACTION REPORTING			
	<i>Required Action</i>	<i>Offence</i>	<i>Sanction/Penalty</i>
23.	Maintenance of an internal system (automated/manual) for detecting and reporting unusual or suspicious activities/transactions.	* Failure to maintain an internal system for detecting and reporting unusual and suspicious transactions or activities.	A minimum penalty TZS 5,000,000
24.	Submission of Suspicious transaction reports to relevant authorities.	* Failure to submit STR to the FIU.	A minimum penalty of TZS 300,000 to the Chief Compliance and TZS 5,000,000 for the institution. *
25.	Submission of other AML/ CFT Reports (such as CTRs, ETRs) to FIU.	* Failure to submit AML/CFT/CFR Reports (other than STR) to the relevant authorities.	A minimum penalty of 300,000 on the Chief Compliance Officer and TZS 1,000,000 to the institution.
26.	Timely submission of AML/CFT reports to the relevant authorities.	* Late submission of AML/CFT Reports/ Returns to the relevant authorities.	A minimum penalty of TZS 300,000 on the Chief Compliance Officer and TZS 3,000,000 for the institution. A minimum penalty of TZS 50,000 for each day that the contravention continues.
27.	Maintenance of monitoring systems for terrorism finance.	• Failure to maintain specific monitoring systems for terrorism finance.	A minimum penalty of TZS 300,000 on the Chief Compliance Officer and TZS 5 million on the institution.
28.	Analysis or reports from the operational units by the AML Compliance unit/ department and generate appropriate Management Report.	* Failure of the AML Compliance officer/unit to analyze reports from the operational unit for management consideration.	A minimum penalty of TZS 500,000 on the Chief Compliance Officer and TZS 1,000,000 for the MD/CEO.
29.	Put in place and observe confidentiality procedures and security measures to prevent the disclosure of information on unusual and suspicious transactions to unauthorized parties, intentionally or unintentionally.	* Failure to put in place and observe confidentiality procedures and security measures to prevent disclosure of information on unusual and suspicious transactions to unauthorized parties.	A minimum penalty of TZS 5,000,000 on any officer that breaches the confidentiality procedures and security measures put in place.
30.	Put in place a mechanism to monitor Politically Exposed Persons (PEPs).	* Failure to put in place specific monitoring mechanisms for PEPs.	A minimum penalty of TZS 2,000,000
31.	Put in place policy to protect employees when they report suspicious transactions, in good faith.	* Failure to put in place policy to protect employees when they report suspicious transactions in good faith.	A minimum penalty of TZS 5,000,000.
32.	Imposition of sanctions on employees that do not adhere to the monitoring and reporting policies	* Failure to sanction employees that do not adhere to the monitoring and reporting	A minimum penalty of TZS 2,000,000;

	and procedures of the financial institution.	policies and procedures.	
F. INTERNAL AUDIT/CONTROL AND EXTERNAL AUDIT			
	<i>Required Action</i>	<i>Offence</i>	<i>Sanction/Penalty</i>
33.	Internal Audit department/unit should have the competency to conduct oversight on AML/CFT/CFP compliance function of the financial institution.	* Failure of the Internal Audit department/unit to competently* oversee the AML/CFT/CFP compliance function of the institution.	A minimum penalty of TZS 3,000,000
34.	Periodically review and test compliance with the AML/CFT/CFP program, CDD/KYC policies and procedures and follow up on findings.	* Failure of the internal audit unit to review and test compliance with the AML/CFT program, CDD/KYC policies and procedures and follow-up on findings.	A minimum penalty of TZS 2,000,000 on the Internal Auditor and a minimum penalty of 10, million to the institution.
35.	Review the AML/CFT/CFP Program document within every 3 years from the last review.	* Failure to review the AML/CFT/CFP /CFP program periodically as prescribed.	A minimum penalty of TZS 1,000,000 on the Chief Compliance and a minimum penalty of TZS 5 million on the institution.
36.	Review of the audit reports on AML/CFT/CFP by the Board.	* Failure of the Board to review the AML/CFT audit reports.	A minimum penalty of TZS 300,000 on each member of the Board a minimum penalty of TZS 5,000,000 on the institution.
37.	Risk-based internal audit and specific review of compliance with policies and procedures for PEPs and other high-risk clients and activities.	* Failure to conduct specific review of compliance with policies and procedures for PEPs and other high-risk clients.	A minimum penalty of 1,000,000 on the Internal Auditor and 5 million on the institution.
G. COMPLIANCE FUNCTION			
	<i>Required Action</i>	<i>Offence</i>	<i>Sanction/Penalty</i>
39.	Appointment of a chief compliance officer of appropriate status within the organization with clearly defined roles and responsibilities.	* Failure to appoint an AML/CFT/CFP compliance officer of appropriate status with clearly defined roles and responsibilities.	A minimum penalty of TZS 300,000 on each member of the Board and a minimum penalty of TZS 1,000,000 on the institution.
40.	Adequacy of resource allocation to the compliance function including budgetary allocation and number of staff skilled in AML/ CFT/CFP.	* Failure to allocate adequate resources to the AML/CFT/CFP compliance function.	A minimum penalty of TZS 300,000 on each Board member and a minimum penalty of TZS 5,000,000 on the institution.
41.	Appointment of an AML/CFT compliance officer in each office/branch/subsidiary or cluster.	* Failure to appoint an AML/CFT compliance officer in each office/ branch/subsidiary or	A minimum penalty of TZS 300,000 on each Board member and a minimum penalty of TZS 5,000,000 on the institution

		cluster area.	
42.	Establishment of Group compliance function that has clearly defined relationship with the subsidiary(ies)	* Absence of group compliance function with clearly spelt out relationship with the subsidiaries.	A minimum penalty of TZS 300,000 on each member of the Board and a minimum penalty of TZS 10,000,000 for the institution.
H. TRAINING			
	<i>Required Action</i>	<i>Offence</i>	<i>Sanction/Penalty</i>
43.	Implement an approved annual AML/CFT/CFP Training Plan for all categories of employees.	* Failure to implement an approved annual training Programme for employees.	A minimum penalty of TZS 10,000,000.
44.	Submission of quarterly returns on level of compliance with approved annual AML/CFT/CFP Training programme (containing categories, frequency and types of trainings) for employees to the regulator and FIU.	* Failure to render quarterly returns on training to the regulator and FIU.	A minimum penalty of TZS 300,000 to the Chief Compliance Officer for failure to prepare the AML/CFT training budget and a minimum penalty TZS 5,000,000 to the institution for failure to approve and conduct AML/CFT/CFP training and submit returns to the regulator and FIU.
45.	Board and Management participation in AML/ CFT/CFP Training.	* Failure of Board and management to participate in AML/ CFT training.	A directive to be issued to the institution to take immediate steps to sponsor or organize the training within a reasonable time frame to be determined by the regulator or FIU. Failure to comply with the directive shall attract a minimum penalty of TZS 5,000,000 and TZS 50,000 for each day the contravention continues.
46.	Sponsor professional AML/CFT/CFP training for Chief Compliance Officer/ Compliance Officers.	* Failure to expose Chief Compliance Officer to professional training/ courses on AML/CFT/CFP.	A directive to take immediate steps to sponsor or organize the training within a reasonable time frame. Failure to comply with the directive shall attract a minimum penalty of TZS 5,000,000 and TZS 50,000 for each day the contravention continues.
47.	Ensure attendance of AML/CFT/CFP trainings by all staff.	* Failure to put in place mechanism for ensuring attendance at AML/ CFT trainings for all staff	A minimum penalty of TZS 5,000,000.
48.	Communicating new AML/CFT/CFP laws/ policies to employees.	* Failure to communicate or educate employees on new AML/CFT/CFP laws/policies.	A minimum penalty of TZS 300,000 on the Chief Compliance Officer and TZS 5,000,000 to the institution.