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LEGAL NOTICE NO. 68 OF 2024

**Money Laundering and Proceeds of Crime (Amendment)
Regulations, 2024**

Pursuant to section 111 of the Money Laundering and Proceeds of Crime Act 2008¹, I,

RETŠELISITSOE MATLANYANE

Minister responsible for finance and development planning make the following regulations:

Citation and commencement

1. These regulations may be cited as the Money Laundering and Proceeds of Crime (Amendment) Regulations, 2024 and shall come into operation on the date of publication in the Gazette.

Interpretation

2. In these regulations,
- “PEP” means politically exposed persons;
 - “UNSCR” means United Nations Security Council Resolution; and
 - “Without delay” means -
 - (a) in respect of all designations done by the United Nations Security Council or its relevant sanctions committee, immediately and within 24 hours; and
 - (b) for the purposes of designations done under UNSCR 1373 and its successor resolutions, upon having reasonable grounds or a reasonable basis to suspect or believe that a person or entity is a terrorist, finances terrorism or terrorist organisation;

Amendment of regulation 3: Identification of client

3. Regulation 3 of the Money Laundering and Proceeds of Crime Regulations 2019² (hereafter referred to as the Principal Regulations) is amended by

inserting a new subregulation after subregulation (4) as follows:

- “5. A financial institution or a financial service-provider shall -
- (a) apply customer due diligence requirements to existing customers on the basis of materiality and risk; and
 - (b) conduct due diligence on such existing relationships at appropriate times, taking into account whether and when customer due diligence measures have previously been undertaken and the adequacy of data obtained.”.

Amendment of regulation 5: Applying risk-based approach

4. Regulation 5 of the Principal Regulations is amended by -

- (a) deleting subregulation (4) and substituting the following;

“(4) a financial institution or financial service-provider shall -

 - (a) where higher risks are identified, apply enhanced measures to mitigate those risks;
 - (b) where the risks are lower, apply simplified measures; and
 - (c) apply simplified measures only where the results of risk assessment are consistent with the results of the National Risk Assessment”; and
- (b) adding the following, after subregulation (5);

“(6) A financial institution or financial service provider shall -

 - (a) conduct regular Money Laundering and Terrorist Financing risk assessment in relation to its business;

-
- (b) document and keep the risk assessment up to date;
 - (c) develop and have policies, controls and procedures, approved by senior management, to enable them to manage and mitigate the risks that have been identified by the risk assessment either at the national level, sectoral level or institutional level; and
 - (d) identify and assess Money Laundering and Terrorist Financing risk that may arise in relation to development of new products and new business practices, including new delivery mechanism and use of new or developing technologies for both new and pre-existing products.
- (7) Financial institutions or financial service-providers shall monitor the implementation of the controls referred to in subregulation 6(c) and enhance them if necessary.”.

Amendment of regulation 6: Verification of client

5. Regulation 6(4) of the principal regulations is amended by inserting the words “provided that the money laundering or terrorist financing risks are effectively managed” after the word “relationship”.

Amendment of regulation 9: Reliance on third parties

6. Regulation 9 of the principal regulations is amended by inserting new subregulations after subregulation (3) as follows:

- “(4) In determining which countries the third party can be relied upon or countries to establish a business relationship, a financial institution or a financial service-provider shall consider the information available on the level of risk of a country.
- (5) A financial institution or a financial service provider which uses an intermediary or third party shall include them in their Anti-Money Laundering and Counter Terrorism Financing pro-

grammes and monitor them for compliance with these programmes.”.

Amendment of regulation 10: High risk countries

7. Regulation 10 of the principal regulations is amended by inserting new subregulations after subregulation (3) as follows:

“(4) A financial institution or a financial service-provider shall apply enhanced due diligence proportionate to the risk, to business relationships and transactions with natural and legal persons, including financial institutions, from countries for which that approach is requested by the Sector Supervisory Authority, the Unit or the FATF.

(5) A financial institution or a financial service-provider shall apply countermeasures proportionate to the risk when requested to do so by the Sector Supervisory Authority, the Unit or the FATF.

(6) The Sector Supervisory Authority or the Unit may, through directives or otherwise, advise a financial institution or a financial service-provider of concerns about weaknesses in Anti-Money Laundering and Counter Terrorism Financing systems of other countries.”.

Amendment of regulation 11: Establishing and maintaining client’s or customer’s records

8. Regulation 11 of the principal regulations is amended by inserting a new subregulation after subregulation (5) as follows:

“(6) A financial institution or a financial service-provider shall maintain transaction records which sufficiently permit reconstruction of individual transactions so as to provide evidence for prosecution of criminal activity, if necessary.”.

Amendment of regulation 19: Reporting suspicious transactions

9. Regulation 19 of the principal regulations is amended by

- (a) deleting the words “and in any case, not later than 7 days” in subregulation (2); and

-
- (b) inserting a new subregulation after sub-regulation (14) as follows:

“(15) Where a financial institution or a financial service-provider has a suspicion that money laundering or terrorist financing is being committed, and reasonably believes that performing the customer due diligence process will tip-off the customer, it shall not pursue the customer due diligence process, but it shall file a suspicious transaction report with the Unit.”.

Amendment of regulation 20: Wire transfer

10. Regulation 20 of the principal regulations is amended by inserting new sub-regulations after subregulation (8) as follows:

“(9) For the purposes of domestic wire transfer, the ordering financial institution or financial service-provider shall ensure that the information accompanying the wire transfer includes originator information as indicated for the cross-border wire transfer referred to in these regulations.

(10) The ordering financial institution or financial service-provider shall ensure that the information accompanying wire transfer includes the account number or a unique transaction reference number which will enable the transaction to be traced back to the originator or the beneficiary.

(11) A financial institution or a financial service-provider shall make the information referred to in subregulation (10) and the information relating to the originator available within three business days of receiving the request either from the beneficiary financial institution, financial service-provider, a competent authority or sector supervisory authority or Unit.

(12) A financial institution or a financial service-provider shall not, under any circumstances, execute a wire transfer if it does not comply with the requirements prescribed in these regulations.

(13) A financial institution or a financial service-provider shall report all cross-border wire transfers, regardless of the amount involved, to the FIU in a form to be prescribed by the Minister.”.

Insertion of new regulation: Beneficial life insurance

11. The Principal Regulations are amended by inserting a new regulation after regulation 21 as follows:

“21A. (1) In addition to customer due diligence required for customer and the beneficial owner, financial institutions or financial service providers shall identify and verify the beneficiary of life insurance and other investment related insurance policies as soon as the beneficiary is identified or designated.

(2) The verification of the identity of the beneficiary should occur either before or at least at the time of the pay-out.

(3) The identification referred to in subregulation (1) and the verification referred to in subregulation (2) shall be in line with section 16 of the Act and regulations 3, 4 and 6 of these regulations.

(4) The identification and verification shall clearly establish if the beneficiary of life insurance or other investment related insurance policy is a natural or legal person or legal arrangement.

(5) In relation to a beneficiary who is designated by characteristics, class or by other means, a financial institution or financial service provider shall obtain sufficient information concerning the beneficiary to satisfy itself that it will be able to establish the identity of the beneficiary at the time of the pay-out.

(6) A financial institution or financial service provider shall include the beneficiary of a life insurance policy as a relevant risk factor in determining whether enhanced customer due diligence measures are applicable.

(7) Where the financial institution or financial service provider determines that a beneficiary who is a legal person or legal arrangement presents a higher risk, it shall apply enhanced measures which shall include reasonable measures to identify and verify the identity of the beneficial owner of the beneficiary at the time of pay-out.

(8) A financial institution or a financial service provider

shall take reasonable measures to determine whether a beneficiary or a beneficial owner of the beneficiary is a PEP and shall conclude that determination either before or at the time of pay-out.

(9) Where a higher risk is identified, due to PEP status of the beneficiary or the beneficial owner, a financial institution or a financial service-provider shall -

- (a) seek approval of senior management before the pay-out of the policy proceeds; and
- (b) conduct enhanced scrutiny on the whole business relationship with the policy holder and consider making a suspicious transaction report where appropriate.”.

Insertion of new regulation: Money or value transfer services

12. The principal regulations are amended by inserting the following new regulation after regulation 21:

“21B. A financial institution or a financial service-provider which offers money and value transfer services and uses agents shall include agents in its AML/CFT programmes and monitor them for compliance with AML/CFT obligations.”.

Amendment of Section 24: Affairs of a Non-profit organisation

13. Regulation 24 of the Principal Regulations is amended -

- (a) in regulation (3) -
 - (i) paragraph (a), by deleting “and”;
 - (ii) paragraph (b), by deleting the “ full stop” and substituting a “semi-colon”;
 - (iii) by inserting the following paragraph after paragraph (b):

“provided that the non-profit organisation shall ensure that the information kept and maintained is publicly available without any hindrance whatsoever.”; and

- (b) in regulation 24 (6) -
 - (i) paragraph (b), by inserting “and associate non-profit or ganisations”, after the word “beneficiaries”; and
 - (ii) by deleting paragraph (d) and substituting the following paragraph:

“(d) keep and maintain, for a period of at least 5 years, records of domestic and international transactions that are sufficiently detailed to verify that the funds have been spent in a manner that is consistent with the purpose and objectives of the organization”.

Amendment of Part V: - Financial Sanctions Related To Terrorist Financing And Financing Of Proliferation

(Regulation 25-Financing and supporting terrorist activities; Section 26-Establishment of the Anti-Terrorism Committee;

Regulation 27-Designation and identification of persons and entities;

Regulation 28-Freezing order;

Regulation 29-Sanctions against terrorist financing;

Regulation 30-Prohibition of dealing with funds and other assets;

Regulation 31-Freezing of fund and other assets;

Regulation 32 -Access to frozen assets and other assets;

Regulation 33-Delisting of persons and entities and unfreezing of funds and other assets; and

Regulation 34-Immunity and confidentiality)

14. The principal regulations are amended by deleting Part V.

Amendment of Schedules

15. The principal regulations are amended by deleting Schedules 6,7, and 9 and renumber sequentially.

DATED:

**DR. RETŠELISITSOE MATLANYANE
MINISTER OF FINANCE AND DEVELOPMENT PLANNING**

NOTE

1. Act No. 4 of 2008
 2. L.N. No. 29 of 2019
-

LEGAL NOTICE NO. 69 OF 2024

**Money Laundering and Proceeds of Crime (Amendment of Schedule)
Notice, 2024**

Pursuant to section 112 of the Money Laundering and Proceeds of Crime Act 2008¹, I,

RETŠELISITSOE MATLANYANE

Minister responsible for finance and development planning, make the following Notice:

Citation and commencement

1. These regulations may be cited as the Money Laundering and Proceeds of Crime (Amendment of Schedule) Notice, 2024 and shall come into operation on the date of publication in the Gazette.

Amendment of Schedule

2. Schedule 1 to the Money Laundering and Proceeds of Crime (Amendment of Schedule) Act, 2008, is amended by inserting the following after paragraph (a) (viii):

“(ix) person conducting safekeeping and administration of cash or liquid securities activities on behalf of other persons.”.

DATED:

**DR. RETŠELISITSOE MATLANYANE
MINISTER OF FINANCE AND DEVELOPMENT PLANNING**

NOTE

1. Act No. 4 2008 as amended by No. 7 of 2016
-

LEGAL NOTICE NO. 70 OF 2024

**Declaration of Currency and Bearer Negotiable Instruments
Notice, 2024**

Pursuant to section 28(1) of the Money Laundering and Proceeds of Crime Act, 2008¹ read with section 22(1) of the Money Laundering and Proceeds of Crime (Amendment) Act, 2016², I, the Commissioner of Financial Institutions make the following Notice:

Citation and commencement

1. This Notice may be cited as the Declaration of Currency and Bearer Negotiable Instruments Notice, 2024 and shall come into operation on the date of publication in the Gazette.

Declaration of currency and bearer negotiable instruments

2. A person entering or leaving Lesotho at any port of entry or departure carrying any amount of currency or bearer negotiable instrument exceeding M25,000.00 shall declare such currency or bearer negotiable instrument to an authorised officer at the port of entry or departure.

Repeal

3. The Declaration of Currency Notice, 2014³ is repealed.

DATED:

**DR. EMMANUEL MALUKE LETETE
GOVERNOR - CENTRAL BANK OF LESOTHO SIGNING ON
BEHALF OF THE COMMISSIONER**

NOTE

1. Act No. 4 of 2008
 2. Act No. 7 of 2016
 3. L.N. No. 34 of 2014
-

LEGAL NOTICE NO. 71 OF 2024

**Financial Consumer Protection (Marketing and Advertisement)
Regulations, 2024**

In the exercise of the power conferred upon the Regulator of Financial Institutions by section 50(c) of the Financial Consumer Protection Act, 2022¹, the Regulator makes the following regulations:

Citation and commencement

1. These Regulations may be cited as the Financial Consumer Protection (Marketing and Advertising) Regulations, 2024 and shall come into operation on the date of publication in the Gazette.

Interpretation

2. (1) In these regulations, unless the context otherwise requires -

“Act” means the Financial Consumer Protection Act, 2022;

“advertisement” means any material -

- (a) communicated through any medium and in any form, including -

- (i) magazines and newspapers;

- (ii) radio and television;
 - (iii) outdoor advertising, including billboards, window display and signs at public venues;
 - (iv) the internet and social networking;
 - (v) product brochures and promotional fact sheets;
 - (vi) direct mail;
 - (vii) telemarketing activities; and
 - (viii) seminars and presentations to groups of people;
- (b) used for the marketing or promotion of financial products to consumers and potential consumers; and
 - (c) which are distributed through any medium currently known or hereafter developed.

“financial service representative” means a person who acts on behalf of the financial service provider and shall include an agent or promoter; and

“marketing” means to promote, distribute, sell or advertise financial products or services under the Act to the public.

- (2) All other words used have the same meaning assigned to them under the Act.

Application

3. These Regulations shall apply to market participants that offer financial products and services.

Objectives

4. These Regulations are aimed at -

- (a) promoting responsible, ethical and professional conduct among persons who are involved in the chain of advertising and marketing of financial products which are directed at consumers of financial services in Lesotho; and
- (b) providing for advertisements which are not likely to mislead, deceive or confuse consumers, abuse their trust, exploit their lack of knowledge or without justifiable reason, play on their fear, and this may include implication, omission, ambiguity or exaggerated claim.

Advertisement

- 5. (1) An advertisement for a financial product shall -
 - (a) be fair, clear, complete, concise and unambiguous;
 - (b) contain information that is timely and consistent with any relevant prospectus, offer or contractual document; and
 - (c) convey an equitable message in respect of a return, benefit and risk associated with a financial product.
- (2) A benefit of a financial product shall not be given undue prominence compared to risk.
- (3) A tone of an advertisement shall not undermine the importance of a risk.

Language and layout

- 6. (1) An advertisement and a marketing material shall -
 - (a) be written in any of the official languages;
 - (b) be set out in a way that allows it to be readily understood by an audience it addresses; and

- (c) not discriminate potential consumer on the basis of race, colour, national origin, religion, sexuality, marital status and age.
- (2) A financial service provider shall -
- (a) not use extensive technical, legal terminology or complex language in an advertisement or marketing instrument which may not convey a clear message to a consumer or potential consumers;
 - (b) at all times endeavor to use a Mosotho national for modelling purposes in an advertisement; and
 - (c) seek an exemption from the Regulator where it is unable to comply with subregulation (b).

Disclosure by financial service provider and agent

7. (1) A financial service provider or its agent at the time of providing a service or product to a consumer, shall disclose to a consumer -

- (a) the name of the financial service provider whose service or product is being provided;
- (b) the relationship between the financial service provider and the person or agent offering to provide the service or product; and
- (c) whether commission or compensation is to be paid by the financial service provider to the person or the agent offering to provide the service or product.

(2) Where a financial service provider acts as an agent for or on behalf of another person to provide a service or product of that other person to a consumer, the financial service provider shall, at the time of providing the service or product, disclose to the consumer -

- (a) the name of the person for whom the financial service provider is acting;

- (b) the relationship between the person and the financial service provider; and
- (c) whether commission or compensation is to be paid by the person to the financial service provider for providing the service or product.

Duties of a financial service provider

8. (1) A financial service provider shall -
- (a) act responsibly, with honesty, fairness, integrity and professionalism;
 - (b) avoid aggressive or offensive sale practices;
 - (c) deal respectfully with a consumer or potential consumer;
 - (d) ensure sufficient disclosure is made to a consumer or potential consumer to allow him to make an informed decision;
 - (e) preserve confidentiality of the information of a consumer or potential consumer;
 - (f) not take advantage of the information of a consumer or potential consumer for personal gain or gain of another person contrary to Data Protection law;
 - (g) disclose its full and accurate identity, at the time of introduction with a consumer or potential consumer;
 - (h) disclose all benefits that will be paid to a consumer before entering into any contract for the purchase of any financial product based on the relationship and interest that a financial service provider may share with other parties on the financial product;
 - (i) only provide information in which it is competent and where necessary, recommend additional specialist advice

- (j) to a consumer or potential consumer, as appropriate; and provide a copy of any advertisement to the Regulator for record keeping in electronic form.

(2) A copy of the advertisement in subregulation (1)(j) shall be submitted to the Regulator on a quarterly basis and shall include information on objectives, target audience and period of transmission of the campaigns and contact person.

(3) A financial service provider shall develop a marketing and advertisement policy and procedure that clearly outlines the practice and guidelines associated with advertisement and marketing of their products.

Returns

9. (1) An advertisement for financial products and credit products shall give a balanced message about the returns, benefits and risks associated with the product.

(2) An advertisement shall not overstate the potential benefits or create unrealistic expectations by giving undue prominence to the benefits compared to the risks.

(3) Where an advertisement states that a particular benefit is likely, it shall also include a statement about the risks associated with obtaining that benefit, or about the product generally.

(4) Where appropriate, the advertisement shall include a clear explanation of the assumptions made in predicting the benefit.

(5) Where an advertisement contains a promise about a benefit that is likely to change if circumstances change, the advertisement should be qualified by a statement that alerts consumers to the fact that circumstances may change.

(6) Information about the risks of a product shall be clear, and not hidden or difficult to understand, and shall be given sufficient prominence to information on returns and benefits.

Warning and disclaimer

10. A warning, disclaimer or qualification included in an advertisement shall be in a clear and conspicuous manner which a consumer can readily see and understand.

Fee and cost

11. Where a fee or cost is referred to in an advertisement, it shall give a realistic impression of the overall level of fees and costs a consumer is likely to pay.

Corrective measures

12. Where the Regulator determines that there has been non-compliance with these Regulations, it may take any or all of the following corrective actions -

- (a) have the advertisement withdrawn;
- (b) prevent the advert from being used in the first place;
- (c) direct the financial service provider to change or remove the advertisement from all channels used;
- (d) direct a financial service provider to write to a consumer who may have been misled; and
- (e) warn or fine a financial service provider.

DATED:

**DR. EMMANUEL MALUKE LETETE
GOVERNOR OF THE CENTRAL BANK OF LESOTHO
SIGNING ON BEHALF OF THE REGULATOR**

NOTE

1. Act No. 7 of 2022

LEGAL NOTICE NO. 72 OF 2024

Financial Institutions (Credit Only and Deposit Taking Microfinance Institutions) (Amendment) Regulations, 2024

In exercise of the powers conferred upon the Commissioner of Financial Institutions by sections 71 and 27(4) of the Financial Institutions Act 2012¹, the Commissioner makes the following Regulations:

Citation and commencement

1. These regulations may be cited as the Financial Institutions (Credit Only and Deposit Taking Microfinance Institutions) (Amendment) Regulations, 2024 and shall come into operation on the date of publication in the Gazette.

Amendment of regulation 2 - Interpretation

2. Regulation 2(1) of the Financial Institutions (Credit Only and Deposit Taking Microfinance Institutions) Regulations, 2014² (in these regulations referred to as the “principal law”) is amended by -

(a) deleting the definition of “principal interest”; and

(b) inserting the following new definition after the definition of “bank”:

““beneficial owner” means a natural person who ultimately owns or effectively controls a financial institution, including a natural person on whose behalf the share, right or interest is held.”.

(c) inserting the following new subregulations (3) and (4) after subregulation (2):

“(3) For the purposes of paragraph (b) in the definition of “beneficial owner”, a natural person is considered to ultimately own or effectively control the financial institution when the person -

(a) owns or controls, directly or indirectly, 10 percent or more of the shares or vot-

ing rights of the financial institutions; or together with the related party owns or controls, directly or indirectly, 10 per cent or more of the shares or voting rights of the financial institution.

(4) In a case where a natural person exercises effective control of the financial institution, the natural person is considered to effectively exercise control over the financial institution through other means, if that person -

- (a) has the right, directly or indirectly, to appoint or remove the majority of the board of directors or senior management of the financial institution;
- (b) has the power to materially influence the decision-making or policy of the financial institution; or
- (c) otherwise exercises control over the financial institution in his capacity as a senior manager.”.

Amendment of regulation 31 - The fit and proper requirement

3. The principal law is amended in regulation 31 by deleting subregulation 31(2) and substituting the following subregulation:

“(2) In determining whether a person who is a beneficial owner, a director or manager or a senior official is fit and proper to hold a particular position, it shall be considered whether the person satisfies the Guidelines on Fit and Proper Assessment for Beneficial Owners, Directors, Managers and Senior Officials in the financial sector issued by the Central Bank of Lesotho.”.

Amendment of regulation 41 - Control

4. The principal law is amended in regulation 41 by deleting subregulations (1), (2), (3) and (4) and substituting the following subregulations:

“(1) A person shall not be a beneficial owner over a licensee, unless -

- (a) the person has notified the Commissioner, in writing, of his intention; and
- (b) the Commissioner has notified the person in writing that there is no objection to him becoming a beneficial, a principal shareholder or owner.

(2) The Commissioner, when notifying a person under subregulation (1)(b) that there is no objection to the person becoming a principal shareholder or beneficial owner in the licensee, may specify a maximum stake that the person is permitted to acquire.

(3) The Commissioner may require such further information and documents from the person applying to become a principal shareholder or beneficial owner as the Commissioner considers necessary.

(4) In granting permission to become a principal shareholder or beneficial owner, the Commissioner shall consider whether the person is fit and proper.”.

Amendment of regulation 43 - A principal shareholder is not fit and proper

5. The principal law is amended by deleting regulation 43 and substituting the following:

“A principal shareholder and beneficial owner is not fit and proper

43. (1) Where a person acquires or continues to be a principal shareholder and is a beneficial owner and it appears to the Commissioner that the person is not or no longer fit and proper to be a principal shareholder or beneficial owner, the Commissioner may direct that the shareholding or beneficial ownership of such a person be subject to any or several of the following restrictions:

- (a) a transfer of, or agreement to transfer, the principal shareholding and or beneficial ownership

be suspended;

- (b) voting rights shall not be exercisable for the shares, a beneficial owner shall cease to have the power to materially influence the decision-making or policy of the licensee and otherwise cease to exercise control over the licensee; and
- (c) payment shall not be made to the principal shareholder and beneficial owner of any sums from the licensee on the shares or otherwise.

(2) The Commissioner may notify the licensee that the licensee no longer complies with the licensing requirements as one of its principal shareholder or beneficial owner is not fit and proper, and its license may be revoked, unless the person with principal shareholding or beneficial ownership sells all or part of their shares in the licensee and immediately ceases to act as a principal shareholder or beneficial owner in the licensee.”.

DATED:

**DR. EMMANUEL MALUKE LETETE
GOVERNOR OF THE CENTRAL BANK OF LESOTHO**

NOTE

1. Act No. 3 of 2012
 2. L.N. No. 51 of 2014
-

LEGAL NOTICE NO. 73 OF 2024

**Central Bank of Lesotho (Collective Investment Schemes)
(Amendment) Regulations, 2024**

Pursuant to sections 6(j) and 69 of the Central Bank of Lesotho Act, 2000¹, I,

MALUKE LETETE

Governor of the Central Bank of Lesotho make the following regulations:

Citation and commencement

1. These regulations may be cited as the Central Bank (Collective Investment Schemes) (Amendment) Regulations, 2024 and shall come into operation on the date of publication in the Gazette.

Amendment of Regulation 2 - Interpretation

2. The Central Bank (Collective Investment Schemes) Regulations, 2018² (referred to in these regulations as the “principal regulations”) is amended in regulation 2 by -

- (a) deleting the following definitions:
 - (i) “significant owner”; and
 - (ii) “ultimate controller”;
- (b) inserting the following new definition after the definition of “bank”:

““beneficial owner” means a natural person who ultimately owns or effectively controls asset manager or collective investment scheme agent, including a natural person on whose behalf the share, right or interest is held.”

- (c) inserting:
 - (i) “(1)” before the word “In”; and
 - (ii) the following new subregulations (2) and (3), after subregulation (1):

“(2) For the purposes of paragraph (b), a natural person is considered to ultimately own or effectively control the asset manager or collective investment scheme agent when the person -

- (a) owns or controls, directly or indirectly, 10 percent or more of the shares or vot-

ing rights of the asset manager or collective investment scheme agent; or

- (b) together with the related party owns or controls, directly or indirectly, 10 per cent or more of the shares or voting rights of the asset manager or collective investment scheme agent.

(3) In a case where a natural person exercises effective control of the asset manager or collective investment scheme agent, the natural person is considered to effectively exercise control over the asset manager or collective investment scheme agent through other means, if that person -

- (a) has the right, directly or indirectly, to appoint or remove the majority of the board of directors or senior management of the asset manager or collective investment scheme agent;
- (b) has the power to materially influence the decision-making or policy of the asset manager or collective investment scheme agent; or
- (c) otherwise exercises control over the asset manager or collective investment scheme agent in his capacity as a senior manager.”.

Amendment of regulation 4 - Licensing of an asset manager

3. Regulation 4 of the principal regulations is amended by deleting subregulation (e) and substituting the following:

“(e) completed fit and proper test questionnaire on the company’s beneficial owners, director, principal officer, manager and fund manager as determined by the Registrar from time to time.”.

DATED:

**DR. EMMANUEL MALUKE LETETE
GOVERNOR - CENTRAL BANK OF LESOTHO**

NOTE

1. Act. No. 2 of 2000
 2. L.N. No. 49 of 2018
-

LEGAL NOTICE NO. 74 OF 2024

**Financial Institutions (Licensing Requirements) (Amendment)
Regulations, 2024**

Pursuant to section 71 of the Financial Institutions Act, 2012¹, I,

MALUKE LETETE

Governor of the Central Bank of Lesotho, make the following regulations:

Citation and commencement

1. These regulations may be cited as the Financial Institutions (Licensing Requirements) (Amendment) Regulations, 2024 and shall come into operation on the date of publication in the Gazette.

Amendment of regulation 2: Interpretation

2. The Financial Institutions (Licensing Requirements) Regulations, 2016² (in these regulations referred to as the “principal regulations”) are amended by deleting regulations 2 and substituting with the following:

“Interpretation

2. (1) In these regulations unless the context otherwise requires -

“Act” means the Financial Institutions Act, 2012; and

“beneficial owner” means a natural person who ultimately owns or effectively controls a financial institution, including a natural person on whose behalf the share, right or interest is held.

(2) For the purposes of subregulation (1), a natural person is considered to ultimately own or effectively control the financial institution when the person -

- (a) owns or controls, directly or indirectly, 10 percent or more of the shares or voting rights of the financial institutions; or
- (b) together with the related party owns or controls, directly or indirectly, 10 percent or more of the shares or voting rights of the financial institution.

(3) In a case where a natural person exercises effective control of the financial institution, the natural person is considered to effectively exercise control over the financial institution through other means, if that person -

- (a) has the right, directly or indirectly, to appoint or remove the majority of the board of directors or senior management of the financial institution;
- (b) has the power to materially influence the decision-making or policy of the financial institution; or
- (c) otherwise exercises control over the financial institution in his capacity as a senior manager.

Amendment of regulation 17: Ownership structure

3. The principal regulations are amended by deleting subregulations (1) and (2) and substituting the following:

“(1) There shall be sufficient transparency in the ownership structure of the financial institutions as to enable the Commissioner to evaluate its principal shareholders including beneficial owners and its corporate affiliations.

(2) A review shall be done of the beneficial owner and shareholders past banking, non-banking business ventures, their integrity and standing in business community as well as the financial strength of the principal shareholders and the ability to provide financial support should it be needed.”.

DATED:

**DR. MALUKE LETETE
GOVERNOR OF THE CENTRAL BANK OF LESOTHO**

NOTE

1. Act No. 3 of 2012
 2. L.N. No. 46 of 2016
-

LEGAL NOTICE NO. 75 OF 2024

**Insurance (Registration and Licensing Requirements for Insurers)
(Amendment) Regulations, 2024**

Pursuant to section 134 of the Insurance Act, 2014¹, the,

CENTRAL BANK OF LESOTHO

being the Commissioner of Insurance, makes the following regulations -

Citation and commencement

1. These Regulations may be cited as the Insurance (Registration and Licensing Requirements for Insurers) (Amendment) Regulations, 2024 and shall come into operation on the date of publication in the Gazette.

Insertion of new regulation

2. The Insurance Regulations (Licensing Requirements for Insurers) 2021² (in these Regulations called “the principal regulation”) is amended by inserting the following new regulation after regulation 1:

“Interpretation

2. (1) In these regulations unless the context otherwise requires -

“Act” means the Insurance Act, 2014; and

“beneficial owner” means a natural person who ultimately owns or effectively controls an insurance company, including a natural person on whose behalf the share, right or interest is held.

(2) For the purposes of subregulation (1), a natural person is considered to ultimately own or effectively control the insurance company when the person -

- (a) owns or controls, directly or indirectly, 10 per cent or more of the shares or voting rights of the insurance company; or
- (b) together with the related party owns or controls, directly or indirectly, 10 per cent or more of the shares or voting rights of the insurance company.

(3) In a case where a natural person exercises effective control of the insurance company, the natural person is considered to effectively exercise control over the insurance company through other means, if that person -

- (a) has the right, directly or indirectly, to appoint or remove the majority of the board of directors or senior management of the insurance company;
- (b) has the power to materially influence the decision-making or policy of the insurance company; or
- (c) otherwise exercises control over the insurance company in his capacity as a senior manager.

Insertion of new regulation

3. Regulation 5 is amended by inserting subregulation (d) and (e) after subregulation (c) -

- “(d) names, addresses, identification document or passport and tax clearance certificate of beneficial owners of the applicant; and
- (e) anti-money laundering or countering the financing of terrorism policies and procedures.”

Insertion of new regulation

4. The principal regulations are amended by inserting, after regulation 9, a new regulation 10 as follows:

“Ownership structure

10. (1) There shall be transparency in the ownership structure of the proposed insurance business as to enable the Commissioner to evaluate its principal, shareholders, including beneficial owners and its corporate affiliations.

(2) A review shall be done of the beneficial owners and shareholders past business ventures and their integrity and standing in business community, as well as the financial strength of all principal shareholders and their ability to provide further financial support should it be needed.”.

DATED:

**DR. MALUKE LETETE
GOVERNOR OF THE CENTRAL BANK OF LESOTHO
SIGNING FOR AND ON BEHALF OF THE CENTRAL BANK OF
LESOTHO**

NOTE

1. Act No. 12 of 2014
 2. L.N. No. 58 of 2021
-

LEGAL NOTICE NO. 76 OF 2024**Insurance (Licensing of Insurance Intermediaries) (Amendment) Regulations, 2024**

Pursuant to sections 69, 72, 73, 77, 80(1), 82(1), and 134 of Insurance Act, 2014¹, I,

MALUKE LETETE

Governor of the Central Bank of Lesotho make the following regulations:

Citation and commencement

1. These regulations may be cited as the Insurance (Licensing of Insurance Intermediaries) (Amendment) Regulations, 2024 and shall come into operation on the date of publication in the Gazette.

Amendment of regulation 2 - Interpretation

2. Regulation 2 of the Insurance (Licensing of Insurance Intermediaries) Regulations 2016², (in these Regulations called “the principal regulations”) is amended -

- (a) by inserting, after the definition of “Act”, the following:

““beneficial owner” means a natural person who ultimately owns or effectively controls an insurance intermediary, including a natural person on whose behalf the share, right or interest is held.”.

- (b) by inserting:

- (i) “(1)” before the word “In”; and

- (ii) the following new subregulations (2) and (3), after sub

regulation (1):

“(2) For the purposes of paragraph (a), a natural person is considered to ultimately own or effectively control an insurance intermediary when the person -

- (a) owns or controls, directly or indirectly, 10 percent or more of the shares or voting rights of an insurance intermediary; or
- (b) together with the related party owns or controls, directly or indirectly, 10 percent or more of the shares or voting rights of an insurance intermediary.

(3) In a case where a natural person exercises effective control of an insurance intermediary, the natural person is considered to effectively exercise control over an insurance intermediary through other means, if that person -

- (a) has the right, directly or indirectly, to appoint or remove the majority of the board of directors or senior management of an insurance intermediary;
- (b) has the power to materially influence the decision-making or policy of an insurance intermediary; or
- (c) otherwise exercises control over an insurance intermediary in his capacity as a senior manager.”.

Amendment of regulation 5 - Application for a license

3. Regulation 5 of principal regulations is amended by inserting after subregulation 5(1)(b) a new subregulation 5(1)(c) as follows:

“(c) as an insurance intermediary shall include names, addresses, identity document or passport, and tax clearance certificate of beneficial owner of the applicant.”

Insertion of new regulation

4. The principal regulations are amended by inserting after regulation 9, a new regulation 10 as follows and renumbering sequentially:

“Ownership structure

10. (1) There shall be transparency in the ownership structure of the proposed insurance intermediary as to enable the Commissioner to evaluate its principal shareholders, including beneficial owners and its corporate affiliations.

(2) A review shall be done of the beneficial owners and shareholders’ past business ventures and their integrity and standing in the business community.”.

DATED:

**DR. EMMANUEL MALUKE LETETE
GOVERNOR - CENTRAL BANK OF LESOTHO**

NOTE

1. Act. No. 12 of 2014
 2. L.N. No. 123 of 2016
-

LEGAL NOTICE NO. 77 OF 2024

Central Bank (Capital Markets) (Amendment) Regulations, 2024

In exercise of the power conferred on me by sections 6(j) and 69 of the Central Bank Act, 2000¹, I,

MALUKE LETETE

Governor of the Central Bank, in consultation with the Minister of Finance and Development Planning, make the following regulations:

Citation and commencement

1. These regulations may be cited as the Central Bank (Capital Markets) (Amendment) Regulations, 2024 and shall come into operation on the date of publication in the Gazette.

Amendment of regulation 4: Interpretation

2. The Central Bank (Capital Markets) (Amendment) Regulations, 2014² (referred to in these regulations as the principal regulations), are amended in regulation 4 -

- (a) by inserting the following new definitions in their alphabetical order:

“beneficial owner” means a natural person who ultimately owns or effectively controls the financial institution, including a natural person on whose behalf the share, right or interest is held; and

“financial institution” means a deposit taking institution carrying out financial activities as stipulated in its licence, irrespective of whether it is a banking or a non-banking financial institution;

- (b) by inserting -

(i) “(1)” between “4” and “In”; and

(ii) the following new subregulations after subregulation (1):

“(2) For the purposes of subregulation (1), a natural person is considered to ultimately own or effectively control the financial institution when the person -

- (a) owns or controls, directly or indirectly, 10 percent or more of the shares or voting rights of the

financial institution; or

- (b) together with the related party owns or controls, directly or indirectly, 10 percent or more of the shares or voting rights of the financial institution.

(3) In a case where a natural person exercises effective control of the financial institution, the natural person is considered to effectively exercise control over the financial institution through other means, if that person -

- (a) has the right, directly or indirectly, to appoint or remove the majority of the board of directors or senior management of the financial institution;
- (b) has the power to materially influence the decision-making or policy of the financial institution; or
- (c) otherwise exercises control over the financial institution in his capacity as a senior manager.”.

Amendment of regulation 30: Grant of stockbroker’s, broker-dealer, dealer’s license or investment adviser’s licence

3. Regulation 30(3)(b) of the principal regulation is amended -

- (a) by deleting -
 - (i) “or” at the end of subparagraph (ii); and
 - (ii) full stop at the end of subparagraph (iii) and substituting a semicolon; and

- (b) by inserting after subparagraph (iii), the following new subparagraphs:
- “(iv) shareholders, senior management and beneficial owners of the applicant have been convicted of an offence involving fraud or dishonesty, either in Lesotho or any other country, within a period of ten years immediately preceding the date of which the application is made; and
 - (v) Registrar has a reasonable cause to believe that shareholders, senior management and beneficial owners of the applicant who are to perform duties in connection with the holding of financial institution’s license as the case may be, are not fit and proper persons.”

Amendment of regulation 31: Criteria for determining fit and proper persons

4. Regulation 31(3)(c) of the principal regulations is amended by deleting “substantial shareholders” and substituting “beneficial owner”.

DATED:

**DR. MALUKE LETETE
GOVERNOR OF THE CENTRAL BANK OF LESOTHO**

NOTE

1. Act No. 2 of 2000
2. L.N. No. 107 of 2014

LEGAL NOTICE NO. 78 OF 2024

Financial Lease (Amendment) Regulations, 2024

In exercise of the power conferred on me by sections 27(1) and 71(1) of the Financial Institutions Act, 2012¹, I,

MALUKE LETETE

Commissioner of Financial Institutions, make the following regulations:

Citation and commencement

1. These regulations may be cited as the Financial Lease (Amendment) Regulations, 2024 and shall come into operation on the date of publication in the Gazette.

Amendment of regulation 2 on Interpretation

2. The Financial Lease Regulations, 2013² (referred to in these regulations as the principal regulations), are amended in regulation 2 -

- (a) by inserting the following new definition after the definition of “asset”:

“beneficial owner” means a natural person who ultimately owns or effectively controls a financial institution, including a natural person on whose behalf the share, right or interest is held;

- (b) by inserting -

(i) “(1)” between “2” and “In”; and

(ii) the following new subregulations after subregulation (1):

“(2) For the purposes of subregulation (1), a natural person is considered to ultimately own or effectively control the financial institution when the person -

- (a) owns or controls, directly or indirectly, 10 percent or more of the shares or voting rights of the financial institutions; or
- (b) together with the related party owns or controls, directly or indirectly, 10 percent or more of the shares or voting rights of the financial institution.

(3) In a case where a natural person exercises effective control of the financial institution, the natural person is considered to effectively exercise control over the financial institution through other means, if that person -

- (a) has the right, directly or indirectly, to appoint or remove the majority of the board of directors or senior management of the financial institution;
- (b) has the power to materially influence the decision-making or policy of the financial institution; or
- (c) otherwise exercises control over the financial institution in his capacity as a senior manager.”

Amendment of regulation 29: Licensing of financial leasing company

3. Regulation 29 of the principal regulation is amended -

- (a) in subsection (6)(b) by inserting “beneficial owner”, after “a”;
- (b) in subsection (7) by inserting -
 - (i) “beneficial owner”, after “every” in paragraph (c);
 - (ii) “beneficial owner and” after “each” in paragraph (d); and

-
- (iii) “beneficial owner” after “each” and again before “and” in the second line in paragraph (e);
 - (c) in subsection (9)(c) by -
 - (i) inserting “beneficial owner, shareholder”, after “that”; and
 - (ii) deleting “his” and substituting “their”.

Insertion of new section 48

4. The principal regulations are amended by inserting the following new regulation after regulation 47 and renumber consequently:

“Combating money laundering and financing of terrorism”

48(1) A licensee shall establish procedures to prevent money laundering and financing of terrorism that are scaled to the risk the licensee is exposed to and that are in compliance with the relevant legislation, including -

- (a) performing the necessary know your customer due diligence on the customer, shareholder, beneficial owner and any other beneficiary;
- (b) taking enhanced measures with respect to higher risk customer, beneficial owner, shareholder and any other beneficiary;
- (c) monitoring complex, usually large transactions or unusual patterns of transactions that have no apparent or visible economic or lawful purpose;
- (d) reporting suspicious transactions to the Financial Intelligence Unit, for further investigations and possible referral for prosecution;
- (e) developing internal programs, including training programs, procedures, controls and audit func-

tions to combat money laundering; and

- (f) ensuring that its foreign branches and subsidiaries observe appropriate requirements for combating money laundering and financing of terrorism.

(2) The Commissioner has power to share information and cooperate in any way necessary with other supervisors both domestic and foreign for combating money laundering and the financing of terrorism purpose.”.

DATED:

**DR. MALUKE LETETE
GOVERNOR OF THE CENTRAL BANK OF LESOTHO
SIGNING FOR AND ON BEHALF OF THE CENTRAL BANK OF
LESOTHO**

NOTE

- 1. Act No. 3 of 2012
 - 2. L.N. No. 39 of 2013
-

LEGAL NOTICE NO. 79 OF 2024

**Pension Funds (Registration and Licensing) (Amendment)
Regulations, 2014**

Pursuant to sections 9 and 59 of the Pension Funds Act, 2019¹, I,

EMMANUEL MALUKE LETETE

Governor of the Central Bank of Lesotho and Regulator of Pensions, make the following regulations:

Citation and commencement

- 1. These regulations may be cited as the Pension Funds (Registration and Licensing) (Amendment) Regulations, 2024 and shall come into operation on

the date of publication in the Gazette.

Amendment of Regulation 2 - Interpretation

2. Pension Funds (Registration and Licensing) Regulations, 2020² (in these regulations referred to as the “principal regulations”) is amended by -

(a) inserting, after the definition of “Act”, the following:

““beneficial owner” means a natural person who ultimately owns or effectively controls an Administrator or pension fund intermediary, including a natural person on whose behalf the share, right or interest is held.”.

(b) inserting:

(i) “(1)” before the word “In”; and

(ii) the following subregulations after subregulation (1):

“(2) For the purposes of paragraph (a) a natural person is considered to ultimately own or effectively control an Administrator or pension fund intermediary when the person -

(a) owns or controls, directly or indirectly, 10 percent or more of the shares or voting rights of an Administrator or pension fund intermediary; or

(b) together with the related party owns or controls, directly or indirectly, 10 percent or more of the shares or voting rights of an Administrator or pension fund intermediary.

(3) In a case where a natural person exercises effective control of an Administrator or pension fund intermediary, the natural person is considered to effectively exercise control over an Administrator or pension fund intermediary through other means, if that person -

- (a) has the right, directly or indirectly, to appoint or remove the majority of the board of directors or senior management of an Administrator or pension fund intermediary;
- (b) has the power to materially influence the decision-making or policy of an Administrator or pension fund intermediary; or
- (c) otherwise exercises control over an Administrator or pension fund intermediary in his capacity as a senior manager.”.

Amendment of Schedules

3. The principal regulations are amended by deleting the words -

“significant owner” and “ultimate beneficial owner or controller of 5% or more of a class of shares” in Schedules 5 and 6 wherever they appear and substituting “beneficial owner”.

DATED:

**DR. EMMANUEL MALUKE LETETE
GOVERNOR - CENTRAL BANK OF LESOTHO**

NOTE

- 1. Act No. 5 of 2019
- 2. L.N. No. 86 of 2020

