

4th Enhanced Follow-up Report for the Arab Republic of Egypt

Technical Compliance Re-Rating

Anti-Money Laundering and Combating the Financing of Terrorism

May 2025

The Arab Republic of Egypt

Document Language: English.

Original Language: Arabic.

This document contains the Fourth Enhanced Follow-up Report for the Arab Republic of Egypt, encompassing a Technical Compliance Re-rating for one Recommendation 3. This report reflects the efforts undertaken by the Arab Republic of Egypt since the adoption of its Mutual Evaluation Report in June 2021 by the MENAFATF. In accordance with the MENAFATF procedures for the second round of mutual evaluation and follow-up processes, the report was adopted through a written process prior to the 40th MENAFATF plenary in May 2025.

©2025 MENAFATF.

All rights reserved. No reproduction or translation of this publication may be made without prior written permission. Requests for permission to further disseminate, reproduce or translate all or part of this publication should be obtained from the MENAFATF, P.O. Box 10881, Manama, Kingdom of Bahrain (e-mail: info@menafatf.org).

The 4th Enhanced Follow-up Report of the Arab Republic of Egypt (With a Technical Compliance Re-rating Request)

First: Introduction

1. The Arab Republic of Egypt (Egypt), within the second round was evaluated by the MENAFATF pursuant to FATF's 40 recommendations and the 11 Immediate outcomes adopted in 2012, and the Mutual Evaluation Report (MER) was prepared according to the methodology adopted in 2013. The MER for Egypt was approved at the MENAFATF 32nd Plenary, which was held virtually in June 2021, provided that it submits the 1st Follow-up Report under the enhanced follow-up process at the MENAFATF 34th Plenary in May 2022.

2. According to the MER of Egypt, it was rated "Compliant" in (9) recommendations, "Largely Compliant" in (23) recommendations, and "Partially Compliant" in (8) of the 40 recommendations, and the report also showed that the country was evaluated as (Substantial level of effectiveness "SE") in (4) Immediate Outcomes, and (Moderate level of effectiveness "ME") in (6) Immediate Outcomes, and (Low Level of effectiveness "LE") in One Immediate Outcome, out of the 11 Immediate Outcomes in the effectiveness evaluation.

3. The Arab Republic of Egypt submitted the first Enhanced Follow-up Report (EFUR) (without technical compliance re-rating request) at the MENAFATF 34th Plenary, which was held during May 2022 in Manama, Kingdom of Bahrain, in which it referred to Egypt's efforts since the adoption of the MER, whereas the 34th Plenary adopted the first EFUR, and submitted the second EFUR (without technical compliance re-rating request) to the MENAFATF 36th Plenary, which was held in May 2023 in Manama, Kingdom of Bahrain. The report reflected the additional measures Egypt has taken to combat money laundering and terrorist financing, as the Plenary approved the report, with Egypt submitting the third EFUR to the MENAFATF 38th Plenary held in May 2024.

4. Within the 3rd enhanced follow-up process, the Arab Republic of Egypt made a request for re-rating technical compliance for four recommendations, namely (R.14, R.15, R.22, R.23). Recommendations (R.14 and R.23) were upgraded from "Partially Compliant" to "Compliant" and Recommendations (R.15 and R.22) from "Partially Compliant" to "Largely Compliant".

5. The following are brief of Technical Compliance and Effectiveness ratings:

Table (1): Technical Compliance ratings

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

Note: There are five Possible ratings for Technical Compliance (Compliant, Largely Compliant, Partially Compliant, Non-Compliant and Not Applicable)

Reference: [3rd Enhanced Follo-up Report of the Arab Republic of Egypt](#)

Table (2): Effectiveness ratings

IOs	IO.1	IO.2	IO.3	IO.4	IO.5	IO.6	IO.7	IO.8	IO.9	IO.10	IO.11
Rating	SE	SE	ME	ME	ME	SE	LE	ME	SE	ME	ME

Note: There are four Possible ratings for Effectiveness (High, substantial, moderate and low levels of effectiveness)

Reference: [Mutual Evaluation Report of the Arab Republic of Egypt](#)

6. Within the fourth EFU process for the Arab Republic of Egypt, the country submitted a request for technical compliance re-rating for one recommendation, namely Recommendation (3). The technical compliance of the recommendation was analyzed by the review expert **Mr. Hamad Al Noaimi**, officer at the Ministry of Interior and member of the National AML/CFT Committee – State of Qatar, with the support of members of the MENAFATF Secretariat, namely **Ms. Jehan Al Ansari**, Senior Officer - Mutual Evaluation, and **Mr. Chakib Adib**, Mutual Evaluation Expert.

Priority Actions:

7. Egypt's MER contained some shortcomings in the level of technical compliance to the 40 Recommendations and IOs regarding the effectiveness of AML/CFT system, also, in the Report, there were recommendations for taking corrective steps that the Country should prioritize, as follows:

- Egypt should work on an ongoing and reasonable periodic basis to update the NRA, work on updating the national AML/CFT strategy, and develop action plans that define the policies and activities of the competent authorities in a way that responds to the changing risks of money laundering and terrorist financing in line with the changing threats, and in a manner that ensures the strengthening of the understanding of the authorities of money laundering risks resulting from organized crime and cross-border crimes, while working to enhance operational cooperation and coordination between the various competent authorities, especially at the level of parallel financial investigations and the use of financial intelligence by the investigative authorities.
- Egypt should consider raising awareness about the importance of accessing and using financial information by investigative bodies, especially by the Anti-Narcotics and Antiquities Departments, when pursuing relevant money laundering and predicate offenses cases. The FIU should also increase cooperation with the subject authorities through feedback and training in order to urge them to report to the FIU in cases of suspicion as well as improve the quality of STRs, especially with regard to serious crimes in the context of the country (such as drug trafficking, corruption crimes, firearms and ammunition crimes, fraud and theft), as well as raise the reporting levels - quantitatively and qualitatively - by DNFBPs.
- The authorities should establish a legal framework to combat autonomous money laundering, criminal gangs, and a legal framework for parallel financial investigations, while making the latter a standard practice in predicate offences to track all proceeds of the crime and ML-related cases in a manner commensurate with the size of the predicate offences which would eventually lead to increase in the number of money laundering convictions.
- The competent authorities should seek to confiscate property of equivalent value when it comes to predicate offences and confiscate proceeds, track all proceeds of crime and not be satisfied with keeping the money seized at the time of the arrest of the accused, while

benefiting sufficiently from official international cooperation, so that all proceeds of crime can be confiscated, including those outside the country.

- The National Security should proactively seek to use special research techniques, especially controlled delivery and the rest of the covert operations, given their importance in exposing terrorist financing crimes, and conduct a parallel financial investigation on a regular basis to track down all sources of funding and benefit from official international cooperation more, while providing feedback to the FIU.
- Supervisory authorities need to (1) develop the understanding of most DNFBPs with regards to ML/TF risks to enable them to better identify suspicious activities and report suspicious financial transactions more frequently, and (2) better apply fitness and properness tests. Save that it includes verifying the sources of funds of the shareholders and the BOs used in the ownership of shares and verifying the extent of their association with criminals.
- The Egyptian authorities should make greater use of the possibilities offered by official international cooperation to freeze proceeds abroad in preparation for their recovery.

Second: Overview of the achieved progress in implementing the Recommendation requested for re-rating:

8. This section reviews the measures taken by the Arab Republic of Egypt to comply with the recommendation that it requested to be re-rated, as Egypt addressed some of the compliance and technical shortcomings identified in the MER in relation to recommendation (3). As a result, the technical compliance rating of the recommendation was kept at “Partially Compliant”, according to the following analysis:

Recommendation 3 – Money Laundering Offence (Partially Compliant)

Criterion 3.1 (Met): According to the MER, money laundering in Egypt is criminalized in line with the provisions of the Vienna and Palermo Conventions. Article 2 of the Egyptian AML Law No. 80 of 2002 and its amendments criminalizes any conduct involving the acquisition, holding, disposing of, managing, keeping, exchanging, depositing, guaranteeing, investing, moving funds, or tampering with their value, if such funds are the proceeds of any of the crimes stipulated in the AML Law, with the knowledge of that, where the aim of such conduct is to conceal or disguise these funds, alter their nature, source, location, ownership, any interest therein, change the reality, or prevent the discovery thereof or impede the identification of the perpetrators of the offense that these funds resulted from, in addition to the criminalization of aiding, participation and abetting.

Criterion 3.2 (Mostly Met): it was stated in the MER for the Arab Republic of Egypt that the predicate offense is defined as any act that constitutes a felony or a misdemeanor according to the Egyptian law, whether it is committed inside or outside the country and it is punishable in both countries. (Article 1 of AML Law No. 80 of 2002 and its amendments). Although participation in an organized criminal group is still not explicitly criminalized in Egypt, it is governed by the provisions of some special laws (the Customs Law, the Anti-Terrorism Law, the Illicit Gain Law, the Tax Law and the Capital Market Law).

To address the shortcomings mentioned in the MER related to the failure to explicitly

criminalize participation in an organized criminal group, Egypt amended the Bylaws of the AML/CFT Law issued by Prime Ministerial Decision No. (951) of 2003, amended by Decision No. (3331) of 2023. Article (1) stipulated in the definition of an organized criminal group that it is a predicate offence for ML. Article (43) bis (b) of Chapter Seven of the Bylaws, which deals with international cooperation, also emphasized the inclusion of information related to perpetrators of crimes, whether natural or legal persons, whether individually or in an organized criminal group.

Nonetheless, the requirements of the criterion require explicit criminalization of participation in an organized criminal group under a legal text and not merely referring to it in a Bylaw, in line with the provisions of the Egyptian Constitution, especially Articles (95) and (170), which emphasize that criminalization must be in a legislative text issued by the competent authority. Therefore, relying on the Bylaws is not sufficient to meet this requirement, as it does not, by its nature, rise to the level of the law criminalizing the acts. Moreover, the text of the criminalization is not inferred by legal reasoning or deduction, but it must be clear and explicit according to a specific legislative text, in accordance with the fundamental rule “no crime or punishment without a previous legal text”, which is one of the established principles in criminal legislation to ensure legitimacy and legal certainty. Therefore, the absence of a legislative text that directly criminalizes participation in an organized criminal group prevents this requirement from being considered met. Accordingly, what Egypt submitted in this context does not constitute a substantial improvement from the situation that was previously evaluated, as no legislation has been enacted that achieves explicit and direct criminalization in accordance with international standards, which makes the legal situation remain as it is until a legal text is issued that clearly and decisively defines criminalization. Based on the foregoing analysis, the rating of the criterion shall remain “Mostly Met”.

Criterion 3.3 (Not applicable): As mentioned in the MER, the requirements of this criterion are not applicable to Egypt, as the Egyptian lawmaker does not rely on the threshold approach.

Criterion 3.4 (Met): According to the MER, Article (1) of the AML law defines proceeds as being: Funds resulted or yielded, directly or indirectly, from committing any predicate offense. The same article defines the term “funds” as being: the national currency, foreign currencies, securities, negotiable instruments, any valuable item, whether real estate or tangible or intangible movable property, or any rights relating thereto, and legal documents and deeds evidencing all of the foregoing, including digital and electronic forms. Based on this definition, the money laundering offense extends to all real and movable property of whatever type.

Criterion 3.5 (Met): According to the MER, article (2) of the AML Law issued by law No.(80) of 2002 and its amendments stipulates that “A person shall be considered to have committed the money laundering offense if he had the knowledge that the funds are the proceeds of a predicate offense and intentionally commits any of the following acts: (a) Transfer or movement of proceeds with the aim to conceal the funds or disguise their nature, source, location, ownership or any interest therein, or change their reality, or to prevent the discovery thereof or impede the identification of the perpetrators of the predicate offense. (b) Acquire, hold, dispose of, manage, keep, exchange, deposit, guarantee, invest the proceeds, or tampering with their value or to hide or disguise their true nature, source, location, disposition, movement, ownership or interests therein”. It is not explicitly clear that a conviction for the predicate offense is not needed for proving that the property is the proceeds of crime.

To address the shortcomings regarding the failure to explicitly state the independence of the crime of money laundering from the predicate offence, the Bylaws was amended by adding Article (2) bis, which states that “the crime of money laundering is a crime independent of the predicate offence, such that it is not required that the person be convicted of committing the predicate offence in advance in order for the funds or assets to be considered criminal proceeds.”

Egyptian lawmaker has imposed an independent penalty for the crime of money laundering under Article (14) of the AML Law, the first paragraph of which states that "Whoever commits or attempts to commit the crime of money laundering provided for under Article (2) of this law shall be punished with imprisonment for a period not exceeding seven years and a fine equivalent to twice the amount of funds or assets involved in the crime". It added under the second paragraph of the same Article that "This crime is exempt from the application of the provisions of the second paragraph of Article (32) of the Penal Code," which states that "If a single act constitutes multiple crimes, the crime with the most severe penalty shall be considered and its penalty shall be imposed. If several crimes occurred for a single purpose and were linked to each other in an indivisible way, they shall all be considered one crime and the penalty prescribed for the most severe of those crimes shall be imposed." Thus, the Egyptian legal framework imposed two separate penalties on the same person: One for committing the predicate offence and the other for committing the crime of money laundering.

Egypt did not explicitly state in a legislative text that the money laundering crime is independent from the predicate offense which allows for the conviction of money laundering perpetrator without requiring their conviction of the predicate offense that generated illicit funds. However, the judiciary lore of the court of cassation in Egypt entrenched this concept clearly and steadily by virtue of court rulings affirming the independence of money laundering crime from the predicate offense, which reflects steady and successive judicial commitment to this approach.¹ Based on the foregoing analysis, the rating of the criterion was upgraded from “Not Met” to “Met”.

Criterion 3.6 (Met): According to the MER, the definition of predicate offense in article (1) of the AML Law extends to include “any act that constitutes a felony or a misdemeanor according to the Egyptian law, whether it is committed inside or outside the country and it is punishable in both countries”.

Criterion 3.7 (Met): According to the MER, the money laundering offense also applies to the persons who committed the predicate offence. In addition, article (14) of the AML law explicitly provides that the money laundering offense is excluded from the application of the provisions of paragraph two of article (32) of the Penal Code, which orders the stricter penalty if multiple crimes are committed for the same purpose and become indivisible, which does not apply to the money laundering offence. On that basis, the Egyptian legal framework is broad enough to impose two separate sanctions on the same person: one for the predicate offense and the other for laundering proceeds generated from the commission of the offense.

Criterion 3.8 (Met): According to the MER, the AML law specifically provides that the intent and knowledge are required to prove the money laundering offense and can be inferred from

¹ Court of Cassation ruling No. 5490 of Legal Year 94 issued in 2024; Cassation ruling No. 6036 of Legal Year 93 issued in 2024 and Cassation ruling No. 11314 of Legal Year 93 issued in 2024.

objective factual circumstances. In addition, the Egyptian Court of Cassation issued a judgment on 31 March 1982 indicating that the judge may base their decision on the objective factual elements of the case.

Criterion 3.9 (Met): According to the MER, proportionate and dissuasive criminal sanctions apply to natural persons convicted for the money laundering offence. In article (14) of the AML Law, the Egyptian lawmaker sets the penalty for the money laundering offense, which is the most severe in the Egyptian Penal Code. This article imposes proportionate and dissuasive sanctions against natural persons in case they commit or attempt to commit a money laundering offense. Therefore, “any person who commits, or attempts to commit, the money laundering crime shall be sentenced with imprisonment for a period not exceeding seven years and a fine up to the equivalent of a sum twice the amount of the proceeds”. In addition, confiscation of the seized funds shall be ordained, and where such funds cannot be seized, or in case they belonged to bona fide third parties, an additional fine equivalent to the value thereof shall be imposed. As indicated in the analysis of c.3.7 above, paragraph two of article 32 of the Penal Code does not apply to the money laundering offense.

Criterion 3.10 (Met): According to the MER, article 16 of the AML Law provides that “where the crime is committed by a legal person, the natural person responsible for actual management of the violating legal person shall be penalized by the same penalties stipulated for the acts committed in violation of the provisions of this Law, if knowledge thereof is established and the crime is committed as a result of the violation of the job duties of such person”. Under article 16, the legal person is liable for the payment of any financial penalties and damages if the crime is committed by any of his staff in its name and interest. Furthermore, the penalty against the legal person amounts to not less than EGP 100,000 and not more than EGP 5 million.

Criterion 3.11 (Met): According to the MER, although the attempt to commit the money laundering offences is specifically criminalized in article 14 of the Egyptian AML Law, yet the law extends to cover the acts of participation in, connivance, assistance, conspiracy to commit, abetting and facilitating the commission of the money laundering offense. In addition, articles 39 to 44 bis of the Penal Code provide for appropriate ancillary offenses, including conspiracy, aiding, abetting, facilitation and directing. Any person committing these offences becomes an accomplice and is punishable by the same penalty provided for the original or primary perpetrator of the crime, including the money laundering crime. Even if articles 39, 40 and 48 of the Penal Code are considered general provisions applying to all crimes, they still criminalize the act of participation, assistance, conspiring, facilitating, and abetting.

9. **Conclusions:** The analysis above reveals that although the Egyptian legal framework covers most of the requirements of Recommendation 3, there are still shortcomings in implementing the requirement of Criterion 3.2 which requires explicit criminalization of the act of participating in an organized criminal group as a predicate offense for money laundering under a legal text. However, Egypt sufficed itself amending the Bylaws issued by the Cabinet, which contradicts the provisions of the Egyptian Constitution in Article (95) thereof, which emphasizes that criminalization must be in a legislative text issued by a competent authority, which is, in this case, the legislative authority represented by the Parliament. With regards to Criterion 3.5, Egypt addressed the shortcomings in this criterion by providing court ruling issued by the Court of Cassation affirming the independence of money laundering crime from

predicate offense, clarifying that it is not required to file criminal case against predicate offense or issue conviction therein in order to punish the perpetrator of money laundering crime.

Accordingly, the technical compliance rating for Recommendation 3 is “Largely Compliant”.

Third: Conclusion

10. After analyzing all the supporting information and documents by the review expert, submitted by the authorities in the Arab Republic of Egypt and attached to their technical compliance re-rating request for recommendation (3), the team summarizes the following:
 - Upgrade the technical compliance rating of Recommendation 3 to “Largely Compliant”.
11. Compliance ratings after re-rating can be summarized as follow:

Table (3): Technical Compliance ratings as of May 2025

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

Note: There are five Possible ratings for Technical Compliance (Compliant, Largely Compliant, Partially Compliant, Non-Compliant and Not Applicable).

12. Based on the above, Egypt obtained “Compliant” in 11 recommendations, “Largely Compliant” in 26 recommendations, and “Partially Compliant” in 3 of the 40 recommendations as a result of the technical compliance re-rating request within the 4th EFUR. Accordingly, as per MENAFATF applicable procedures, Egypt shall remain under the Enhanced Follow-up Process, provided that it submits its 5th EFUR to the 42nd Plenary to be held in May 2026.