

LEGAL UPDATES

Key Amendments Introduced by the Money Laundering Prevention (Third Amendment) Ordinance, 2083 (2026)

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Complete legal update on the Money Laundering Prevention (Third Amendment) Ordinance, 2083 (2026) in Nepal. Expanded authority of the Money Laundering Investigation Department on tax offences, smuggling, insider trading, banking & forex crimes, prosecution in Special Court, and joint filing of predicate + money laundering charges.



Context

1. The Government of Nepal has recently introduced a number of ordinances in the period when the House of Representatives was not in session. These ordinances were issued by the *President on the recommendation of the Council of Ministers under Article 114(1) of the Constitution of Nepal*. Among them, the **Money Laundering Prevention (Third Amendment) Ordinance, 2083 (2026)** (the “**Ordinance**”) was issued to amend the **Money Laundering Prevention Act, 2064 (2007)** (the “**Act**”).
2. It should also be noted that the Ordinance is a temporary legal instrument. Although it has the force of law from the date of its issuance, it must be presented before both Houses of the Federal Parliament in the next session. The Ordinance will cease to have effect (a) *if the Ordinance is presented before both Houses of the Federal Parliament and is not approved by both Houses*; (b) *if the Ordinance is repealed by the President at any time*; or (c) *if sixty days pass from the date on which both Houses of the Federal Parliament meet*.
3. This legal update provides an overview of the key changes introduced in the Act through the said Ordinance. Set out below is a summary of the key amendments and updates introduced by the Ordinance in tabular form:

Amended Sections	Key Changes
Granting Specific Authority to the Money Laundering Investigation Department	
Section 13 (1) (c)	Pursuant to the Act, complaints relating to terrorist activities or the financing of the proliferation of weapons of mass destruction could be filed before the police authorities. Likewise, money laundering cases involving predicate offences ¹ were investigated by the authority empowered to investigate the relevant predicate offence under the prevailing law. In addition, pursuant to Section 13(1)(c) of the Act, the Department of Money Laundering Investigation (the “ Department ”) was authorized to receive complaints and investigate money laundering offences which are not connected with any specified predicate offence. Following the replacement of Section 13(1)(c) by the new provision, the amendment now specifically authorized the Department

¹ Pursuant to Section 2 (३T) of the Act, “**Predicate Offence**” means the offences set out in Schedule-1 of the Act. Generally, it refers to the underlying criminal activity that generates illicit proceeds (money or property), which are subsequently laundered to give them the appearance of legitimacy. It constitutes the foundational offence under Anti-Money Laundering (AML) law.

	<p>to receive complaints and investigate money laundering offences related to the following predicate offences:</p> <ol style="list-style-type: none"> a. Smuggling (including customs, excise duty, and tax-related offences); b. Taxation offences (direct and indirect taxes); c. Market manipulation adversely affecting the securities or commodities market; d. Insider trading; and e. Offences relating to currency, banking, financial matters, foreign exchange, negotiable instruments, and insurance. <p>This amendment primarily grants exclusive authority to the Department to receive complaints and conduct investigation in relation to money laundering offences arising from the specifically identified predicate offences mentioned above. Under the amended provision, any person may directly file a complaint before the Department concerning money laundering connected with such specified predicate offences.</p>
<p><i>Designation of Specific Government Attorney's Office for Reviewing Departmental Investigations</i></p>	
<p>Section 22(1)</p>	<p>Previously, the law required the investigating officer to prepare an investigation report in accordance with the prevailing law and submit it to the concerned Government Attorney's Office for further action.</p> <p>Through this amendment, a separate arrangement has been introduced for cases investigated by the Department on the basis of complaints filed directly before it. In such cases, the Government of Nepal will designate the particular Government Attorney's Office responsible for reviewing and deciding upon the investigation conducted by the Department. The Government may designate the Special Government Attorney's Office for this purpose.</p>
<p><i>Department Investigated Cases–The Special Court</i></p>	
<p>Section 22(2)</p>	<p>Previously, there was a provision stating that the government attorney shall file the case <u>before the court having jurisdiction to hear the related</u></p>

	<p><u>offence. The competent District Courts adjudicated the cases under the Act.</u></p> <p>Through this amendment, it is provided that where the investigation conducted by the Department the prosecution shall file the case before the Special Court.</p>
<p><i>Inclusion of Predicate Offence Along with Money Laundering Charges</i></p>	
<p>Section 29</p>	<p>The provision provides that, based on the evidence obtained during an investigation, prosecution could be initiated for the predicate offence, the offence of money laundering, or both offences simultaneously.</p> <p>Through this amendment, an additional provision has been introduced stating that, during the course of an investigation conducted by the Department, if it appears that no separate case has been filed in relation to a predicate offence falling within the Department's jurisdiction, the Department may also recommend prosecution for such predicate offence together with the money laundering offence.</p> <p>This amendment allows the Department not only to pursue money laundering charges, but also to include charges relating to the underlying predicate offence where no separate prosecution has already been initiated.</p>

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