

## **Engagement Session :**

# **Guidelines on Anti-Money Laundering, Countering of Financing of Terrorism and Targeted Financial Sanctions for Labuan Key Reporting Institutions** *- Regulatory Changes*

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**14 July 2022**

# Outline

- 01 | **Roadmap Infographic  
- Activities Undertaken**
- 02 | **Enhancement of AML/CFT and TFS Guidelines  
- Scoping, Enhancement and New  
Requirements**

# I. Roadmap Infographic ... *activities undertaken*

**Mutual  
Evaluation  
Exercise by FATF  
and APG**

**2014**

**2015 to 2020**

5 years National  
Action Plans  
• 74 Action  
Plans

3 years National  
Action Plans

- 67 Actions Plans
  - ☐ Legal, Regulatory and Coordination
  - ☐ Risk
  - ☐ Preventive
  - ☐ Capacity Building and Awareness
  - ☐ Enforcement

**2021**

**2022**

**2023**

**2024/2025**

**Mutual  
Evaluation  
Exercise by FATF  
and APG**

- *FATF – Financial Action Task Force*
- *APG – Asia/Pacific Group on Money Laundering*

## II. Enhancement to AML/CFT & TFS Guidelines ... *Scoping*

### AML/CFT SECTORAL GUIDELINES (issued in 2013)

Formulated in accordance with  
the provisions of the following:

- ⇒ AMLA 2001
- ⇒ FATF 40  
Recommendations  
issued in 2012

AML/CFT Sectoral Guidelines  
issued in 2013 comprising 4  
Guidelines for different sectors.

1

2

GUIDELINES

AML/CFT  
& TFS

### AML/CFT SECTORAL GUIDELINES (issued in 2022)

3

Addresses key findings & recommendations of :

- ⇒ 2015 - Mutual Evaluation Report by  
the APG
- ⇒ 2020 – Findings of NRA and LRA

4

Consistent with the revised AML/CFT  
Guidelines issued by BNM and SC to  
the domestic RIs

5

Reflecting FATF's latest standards  
including virtual assets & virtual asset  
service providers.

6

Serve as a strengthened AML/CFT Framework  
comprising :

- i. An omnibus *Guidelines for Labuan Key Reporting  
Institutions*; and
- ii. *Guidelines on AML/CFT for Capital Market and  
Other Business sectors (Sector 4) for other Labuan  
Reporting Institutions.*

- ❖ *NRA – National Risk Assessment*
- ❖ *LRA – Labuan Risk Assessment*

## II. AML/CFT & TFS Guidelines ... 1. *Enhancement requirements*

### 1. AML/CFT Compliance Programme

#### (a) Compliance Officer (CO) Requirements

[Pg. 33, Para 7.11; Pg. 35, Para 7.17]

- Added as additional qualifying criteria **financial integrity**
- Added **10 working days notification period** upon CO vacancy
- Added **30 working days for new CO appointment**

#### (b) Employee Screening Procedures

[Pg. 35, Para 7.18 – 7.22]

Requires KRIs to have ongoing employee assessment system including **periodic staff re-screenings**

#### (c) Independent Audit Function

[Pg. 37, Para 7.31]

- The **Board to determine** & ensure appropriate frequency and scope
- Ensure **Labuan FSA's accessibility** to Audit findings

### 2. Customer Due Diligence (CDD)

#### (a) CDD Labuan Banks

[Pg. 52, Para 10.46 – 10.49]

Added **Simplified CDD** :

- Only require basic information on customer & BO (*name, IC no., address, D.O.B, nationality & contact no./email*)
- Approval by Board and conduct ML/TF periodic review

#### (b) Non-Face-to-Face Business Relationship (non-FTF)

[Pg. 57, Para 10.73 – 10.78]

- **Board to ensure proper policies and procedures** in place and **effective implementation**
- **Usage of system and technology** for an effective AML/CFT compliance program
- Compliance with **additional measures** imposed on the implementation of non-FTF

#### (c) Cross-Border Wire Transfer

[Pg. 71, Para 15.5]

Added threshold of **foreign currency equivalent** to RM3,000

## II. AML/CFT and TFS Guidelines ... *1. Enhancement requirements*

### 3. Politically Exposed Persons (PEPs)

*[Pg. 66, Para 12.11]*

- **Additional factors** to determine PEP's status:
  - The level of informal influence that the PEP could still exercise
  - Whether the PEP's current functions are no longer linked to the same substantive matters
- **Cessation of PEP Status** for an individual who ceases to hold a prominent public function

## II. AML/CFT & TFS Guidelines ... 2.New requirements

### 1. Requirement for Digital Financial Business (e-KYC)

*[Pg. 60, sec B6]*

Iterated on effective due diligence for RIs undertaking digital financial services or non face-to-face business transaction

### 2. Disclosure under STR

*[Pg. 77, sec B12]*

Prohibition for STR disclosure to KRIs' reported counterparties

### 3. Enforcement Orders

*[Pg. 85, sec B16]*

Clarified KRIs' duties in handling request from Legal Enforcement Agencies

### 4. TFS & Other UN Sanctions Regime

*[Pg. 86, sec B17]*

Incorporated sanction lists and reporting duties of KRIs

# THANK YOU

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[www.labuanfsa.gov.my](http://www.labuanfsa.gov.my)

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