

Engagement Session :

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

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

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

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

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 RIIs

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 KRs to have ongoing employee assessment system including **periodic staff rescreenings**

(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 RIIs undertaking digital financial services or non face-to-face business transaction

2. Disclosure under STR

[Pg. 77, sec B12]

Prohibition for STR disclosure to KRIIs' reported counterparties

3. Enforcement Orders

[Pg. 85, sec B16]

Clarified KRIIs' 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 KRIIs

THANK YOU

www.labuanfsa.gov.my

Disclaimer

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