

GUIDANCE NOTE ON ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM FOR LABUAN SPECIFIED ENTITIES

PART A: OVERVIEW

1.0 Introduction

- 1.1 Labuan Financial Services Authority (Labuan FSA) conducts risk assessments periodically. The latest Labuan Risk Assessment (LRA) that had been conducted found positively encouraging results, affirming a reducing money laundering and terrorism financing risk trend for the overall Labuan International Business and Financial Centre.
- 1.2 In this regard, *the Guidance Note on Anti-Money Laundering and Counter Financing of Terrorism for Labuan Specified Entities* (the Guidance Note) is issued as an addendum to the *Guidelines on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) - Capital Markets and Other Business Sectors* (the Guidelines) to facilitate compliance of entities other than Key Reporting Institutions¹ [to be referred to as “Labuan Specified Entities” (Labuan SEs)] with the appropriate AML/CFT requirements to commensurate with their low ML/TF risk. The Guidance Note also provides best practice recommendations that can be considered for adoption.
- 1.3 The Guidance Note complements other Guidelines, Directives or Circulars issued by Labuan FSA as set out in **Appendix I**.

¹ This refers to Labuan licensed entities as defined under the *Guidelines on AML/CFT and Targeted Financial Sanctions for Labuan Key Reporting Institutions* which includes Labuan Banks, Labuan (Re)Insurers, Labuan Trust Companies and other reporting institutions.

2.0 Definition

2.1 Labuan SEs in the context of the Guidance Note comprise the following:

- (i) Labuan management companies as defined under Part VIII of the Labuan Financial Services and Securities Act 2010 (LFSSA);
- (ii) Labuan self-regulatory organisations and Islamic self-regulatory organisations as defined under Part X of LFSSA and Part XI of Labuan Islamic Financial Services and Securities Act 2010 (LIFSSA), respectively;
- (iii) Labuan companies as defined under Labuan Companies Act 1990 other than those covered under paragraph 2.1(i), paragraph 2.1(ii) and those specified in the *Guidelines on AML/CFT and Targeted Financial Sanctions for Labuan Key Reporting Institutions*;
- (iv) Labuan partnerships and Islamic partnerships as defined under Part III and IV of Labuan Limited Partnerships and Limited Liability Partnerships Act 2010 and Part X of LIFSSA, respectively;
- (v) Labuan foundations and Islamic foundations as defined under Part III of Labuan Foundations Act 2010 and Part IX of LIFSSA, respectively; and
- (vi) Labuan trusts and Islamic trusts as defined under Part II of Labuan Trusts Act 1996 and Part VIII of LIFSSA, respectively.

2.2 Terms and expressions used in the Guidance Note will have the same meaning as provided in the Guidelines. Definitions are listed under **Appendix II**.

3.0 Non-Compliance

3.1 Any person which fails to comply with the mandatory requirements under the Guidance Note may be guilty of an administrative penalty under Section 36G of the Labuan Financial Services Authority Act 1996.

4.0 Overall Requirements for Labuan SEs

The following table maps the AML/CFT requirements to the Guidelines. This is to ease the understanding of Labuan SEs in effecting the implementation of the requirements under the Guidance Note.

	Content	Guidelines (Reference Paragraph)	Guidance Note (Reference Paragraph)	Details
1.	Applicability to Foreign Branches and Subsidiaries	Para.11	Para.B.5	Requirement applies
2.	Risk-Based Approach	Para.12	Para.B.1	Requirement applies
3.	Customer Due Diligence (CDD)	Para.13	Para.B.4	Requirement applies with the following additional areas: (a) Simplified CDD (b) Electronic-Know Your Customer (c) Non Face-to-Face Business Relationship
4.	Politically Exposed Persons (PEPs)	Para.14		Refer to <i>Guidelines on Politically Exposed Person (PEP) – Family Members and Close Associates of PEP</i> dated 17 July 2017.
5.	New Products and Business Practices	Para.15	Para.B.3	Requirement applies
6.	Reliance on Third Parties	Para.16	Para.B.6	Requirement applies
7.	Non Face-to-Face Business Relationship	Para.17	Para.B.4	Incorporated under CDD
8.	Higher Risk Countries	Para.18	Para.B.7	Requirement applies
9.	Failure to Satisfactorily Complete CDD	Para.19		Flexibility provided in method to decide on the requirement
10.	Management Information System	Para.20		Flexibility provided in method to store information
11.	Financial Group	Para.21	Para.B.5	Requirement applies to Labuan management companies
12.	Record Keeping	Para.22		Refer to <i>Directive on Accounts and Record-Keeping Requirement for</i>

	Content	Guidelines (Reference Paragraph)	Guidance Note (Reference Paragraph)	Details
				<i>Labuan Entities</i> dated 6 June 2012.
13.	AML/CFT Compliance Programme	Para.23	Para.B.2	Requirement applies
14.	Suspicious Transaction Report	Para.24	Para.B.4	Incorporated under CDD
15.	Combatting the Financing of Terrorism	Para.25		Refer to <i>Guidelines on Implementation of Targeted Financial Sanctions on Terrorism Financing</i> dated 17 July 2017.
16.	Non-Compliance	Para.26	Para.3.0	Applicable for mandatory requirements

PART B: AML/CFT INFORMATION

B.1 Application of Risk-Based Approach

B.1.1 Risk Management Functions

5.1 In implementing risk-based approach, Labuan SE should consider the intensity and extensiveness of risk management function. These parameters should be proportionate to the nature, scale and complexity of the Labuan SE's activities and its ML/TF risk profile.

B.1.2 Risk Assessment

5.2 In identifying, assessing and understanding its ML/TF risks, in relation to the Labuan SE's business profile, Labuan SE can be guided by the latest results of the National Risk Assessment (NRA) issued by the National Coordination Committee to Counter Money Laundering (NCC) in conducting its own risk assessments. This includes consideration on emerging crimes and higher risk sectors in assessing its institutional ML/TF risk.

B.1.3 Risk Control and Mitigation

5.3 By undertaking risk controls and mitigation, a Labuan SE should consider the following measures:

- (i) To have policies, procedures and controls to manage and mitigate ML/TF risks that have been identified;
- (ii) To monitor the implementation of those policies, controls, procedures and enhance them where necessary; and
- (iii) To take enhanced measures to manage and mitigate risks where higher risks are identified.

B.1.4 Risk Profiling

5.4 In conducting risk profiling, a ML/TF rating should be assigned with implementation of risk control and mitigation measures that commensurate with the customer's risk profile.

B.1.5 AML/CFT Risk Reporting

5.5 A timely reporting of the AML/CFT risk report to the Board should include the following information:

- (i) Risk assessment results;
- (ii) ML/TF risk profile; and
- (iii) Effectiveness of risk control and mitigation measures.

B.2 AML/CFT Compliance Programme

B.2.1 Policies, Procedures and Controls

6.1 An AML/CFT programme should correspond to its ML/TF risks as well as the size and nature of its business.

B.2.2 Board

6.2 The Board should understand their roles and responsibilities in managing ML/TF risks identified by the Labuan SE.

6.3 The Board should be cognisant of the ML/TF risks associated with the business strategies or activities, delivery channels and geographical coverage of the Labuan SE's business products and services.

6.4 The Board should understand the AML/CFT measures required by the relevant laws, as well as industry's standards and best practices in implementing AML/CFT measures.

6.5 The Board should consider to maintain accountability and oversight for establishing AML/CFT policies and minimum standards.

B.2.3 Senior Management

6.6 The Senior Management should consider implementing and managing AML/CFT compliance programmes in accordance with policies and procedures established by the Board, as well as the requirements of the applicable legislations, regulations and industry's standards and best practices.

6.7 The Senior Management should consider to appoint an authorised personnel in the entity in managing AML/CFT compliance matters.

B.2.4 Employee Screening Procedures

6.8 The employee screening procedure should commensurate with the nature, size and complexity of its business operations and ML/TF risk exposure.

B.2.5 Independent Audit Function

6.9 An independent audit needs to be conducted regularly. At the minimum, the Labuan SE must take into account of the frequency and scope to determine the effectiveness of the AML/CFT Compliance Programme.

B.3 New Products and Business Practices

7.1 The ML/TF risks that may arise from new products, services and business practices, including new digital assets, delivery mechanisms and the use of new or developing technologies should be identified and assessed.

7.2 In doing so, Labuan SE should consider the following measures:

- (i) Undertake the risk assessment prior to the launch or adoption of such new products, services, business practices and technologies;
- (ii) Take appropriate measures to manage and mitigate the risks; and
- (iii) Document the risk assessment in writing.

B.4 Customer Due Diligence (CDD)

8.1 A CDD process is to be conducted when:

- (i) establishing business relationship;
- (ii) there is any suspicion of ML/TF regardless of amount; or
- (iii) there is any doubt about the veracity or adequacy of previously obtained information.

8.2 When conducting CDD, the following measures apply:

- (i) Identify and verify the persons listed below using reliable, independent source documents, data or information;
 - (a) Customers;
 - (b) Authorised person whom acting on behalf of the customer;
 - (c) Beneficial owner; and
- (ii) Understand and obtain information on the purpose and intended nature of the business relationship.

Verification

8.3 Verification needs to be done in a satisfying manner through reliable and independent documentation, electronic data or any other measure that is appropriate.

8.4 Verification should be done before, or during the course of establishing a business relationship or conducting a transaction for an occasional customer.

B.4.1 Standard CDD

Individual Customer and Beneficial Owner

8.5 In conducting CDD, the following minimum information should be identified and verified:

- (i) Full name;
- (ii) National identification number, passport number or reference number of any other official documents of the customer or beneficial owner;
- (iii) Residential and mailing address;
- (iv) Date of birth;

- (v) Nationality;
- (vi) Occupation type;
- (vii) Name of employer or nature of self-employment or nature of business;
- (viii) Contact number and/or any contact details including email address; and
- (ix) Purpose of transaction.

Legal Persons

8.6 For customers that are legal persons, the nature of the customer's business, ownership and control structure need to be understood.

8.7 In conducting CDD, the following minimum information should be identified and verified:

- (i) The name, legal form and proof of existence;
- (ii) The powers that regulate and bind the customer; and
- (iii) The address of registered office and, if different, a principal place of business.

8.8 In terms of identifying the ownership and control, the following sequence applies:

- (i) Natural person(s) with more than 25% shareholding or voting rights;
- (ii) Natural person(s) exercising control of the legal person through other means; and
- (iii) Natural person(s) who holds the position of Senior Management.

8.9 A Labuan SE is exempted from obtaining a copy of constituent documents and from verifying the identity of directors and shareholders of the legal person which fall under the following categories:

- (i) Public listed companies or corporations listed in Labuan International Financial Exchange and Bursa Malaysia;
- (ii) Foreign public listed companies;
 - (a) Listed in recognised exchanges; and
 - (b) Not listed in higher risk countries;
- (iii) Financial institutions that are not from higher risk countries;

- (iv) Any person that has been licensed or approved by Labuan FSA under LFSSA and LIFSSA;
- (v) Licensed entities under the Financial Services Act 2013 (FSA) and Islamic Financial Services Act 2013 (IFSA);
- (vi) Persons licensed or registered under the Capital Markets and Services Act 2007;
- (vii) Prescribed institutions under the Development Financial Institutions Act 2002 (DFIA); or
- (viii) Licensed entities under the Money Services Business Act 2011 (MSBA).

Legal Arrangements

- 8.10 For customers that are legal arrangements, the nature of the customer's business, ownership and control structure need to be understood.
- 8.11 In conducting CDD, the following minimum information should be identified and verified:
- (i) Name, legal form and proof of existence;
 - (ii) The powers that regulated and bind the customer; and
 - (iii) The address of registered office and, if different, a principal place of business.
- 8.12 In terms of identifying the ownership and control, the following applies:
- (i) For trusts, the identity of settlor, trustee(s), protector (if any), beneficiary or beneficiaries; and any other natural person exercising ultimate effective control over the trust; or
 - (ii) For other types of legal arrangements, the identity of persons in equivalent or similar positions.
- 8.13 A third party may be relied on to verify the identity of the beneficiaries when it is not practical to identify every beneficiary.
- 8.14 Where reliance is placed on third parties under paragraph 8.13, Labuan SE must comply with paragraph B.6.

Clubs, Societies and Charities

8.15 For customers that are clubs, societies or charities, the following CDD measure applies:

- (i) Identification documents including Certificate of Registration and other constituent documents;
- (ii) Identification and verification of the office-bearer or any person authorised to represent the club, society or charity; and
- (iii) Identification and verification of the beneficial owners.

B.4.2 Simplified CDD

8.16 Simplified CDD can be opted on instances where ML/TF risks as assessed to be low, with the following processes in place:

- (i) Conduct adequate analysis of ML/TF risk;
- (ii) Establish appropriate mechanisms and internal controls for effective ongoing monitoring of customers and transactions to ensure prompt detection of unusual or suspicious transactions;
- (iii) Obtain Board's approval for the implementation of simplified CDD and document all assessments as well as approvals; and
- (iv) Establish appropriate mechanisms to ensure periodic review of the ML/TF risks.

8.17 In conducting simplified CDD, the following minimum information should be identified and verified:

- (i) Full name;
- (ii) National identification number, passport number or reference number of any other official documents of the customer or beneficial owner;
- (iii) Residential and/or mailing address;
- (iv) Date of birth;
- (v) Nationality; and
- (vi) Contact number and/or any other contact details including email address.

B.4.3 Delayed Verification

8.18 In certain circumstances where the ML/TF risks are assessed as low and verification is not possible at the point of establishing the business relationship, verification can be done after the establishment of the business relationship. This is to allow some flexibilities for its customer and its beneficial owner to furnish the relevant documents at a later stage.

8.19 Where delayed verification applies, the following conditions must be satisfied:

- (i) This occurs as soon as reasonably practicable;
- (ii) The delay is essential so as not to interrupt the Labuan SE's normal conduct of business;
- (iii) The ML/TF risks are effectively managed; and
- (iv) There is no suspicion of ML/TF.

8.20 Under this circumstance, there may be considerations to adopt risk management procedures in mitigating or addressing the risk of delayed verification.

B.4.4 Enhanced CDD

8.21 Labuan SE is recommended to perform enhance CDD where the ML/TF risks are assessed as higher risk. An enhanced CDD, may include the following:

- (i) Obtaining CDD information under paragraph B.4.1;
- (ii) Obtaining additional information on the customers and beneficial owner;
- (iii) Enquiring on source of wealth or source of funds. In the case of PEPs, both sources are to be obtained; and
- (iv) Obtaining approval from Senior Management before establishing (or continuing, for existing customer) such business relationship with the customer. In the case of PEPs, Senior Management refers to Senior Management at the parent company.

B.4.5 Ongoing Due Diligence

8.22 In the course of the business relationship with customers, ongoing due diligence needs to be undertaken through the following measures:

- (i) Analysing transactions undertaken throughout the course of that relationship; and
- (ii) Ensuring that documents, data or information collected under the CDD process is kept up-to-date and remain relevant.

B.4.6 Existing Customer – Materiality and Risk

8.23 Existing customers are applicable for CDD on the basis of materiality and risk. CDD on existing relationships have to be conducted at appropriate times, taking into account whether and when CDD measures have previously been undertaken and the adequacy of data obtained.

B.4.7 Non-Face-to-Face Business Relationship

8.24 There must be a degree of vigilance towards establishing and conducting business relationships via electronic means, including mobile channel and online channel.

8.25 For non-face-to-face business relationships, the following measures apply:

- (i) Effective implementation of appropriate policies and procedures to address any specific ML/TF risks associated; and
- (ii) Identify and verify the customer through:
 - (a) Establishing independent contact with the customer;
 - (b) Verifying the customer's information with reliable and independent sources to confirm the identity and identify any known or suspected ML/TF risks associated with the customer; or
 - (c) Requesting, sighting and maintaining records of additional documents required to perform face-to-face customer verifications.

8.26 The developed systems and technologies used are able to support an effective AML/CFT compliance programme.

B.4.8 Electronic Know-Your-Customer (e-KYC)

- 8.27 The overall risk appetite and internal framework for e-KYC has to be addressed, to ensure the effective implementation and to address any associated risks.
- 8.28 In identification and verification through e-KYC, it needs to be done securely and effectively. The Labuan SE may adopt the following basic authentication factors:
- (i) Personal information that the customer possesses;
 - (ii) Personal information that the customer knows; and
 - (iii) Item that is uniquely identifiable only to the customer.
- 8.29 Where the decision to verify a customer's identity through e-KYC is automated with the use of artificial intelligence, there is a need to ensure that the e-KYC solution is capable of accurately distinguishing between genuine and non-genuine cases of customer identification and verification.
- 8.30 Vulnerabilities of e-KYC solution should be addressed continuously, with additional safeguards particularly for products that pose higher risks arising from inaccurate identification.

B.4.9 Tipping-Off

- 8.31 In cases where there is a suspicion of ML/TF and reasonably believes that performing the CDD process would tip-off the customer, Labuan SE may consider not to pursue the CDD process. In this regard, the Labuan SE needs to file a suspicious transaction report to the Competent Authority.
- 8.32 Nonetheless, Labuan SE may consider proceeding with the transaction itself for purposes of furthering any inquiry or investigation of the ML/TF suspicion.

B.5 Applicability to Financial Group and Foreign Branches & Subsidiaries

B.5.1 Financial Group

- 9.1 A parent company incorporated in Labuan needs to implement group-wide programmes against ML/TF.
- 9.2 At the minimum, the programmes needs to include the following measures:
- (i) Framework for AML/CFT Compliance programme at the group level;
 - (ii) Appointment of a Group Compliance Officer at the Labuan parent company; and
 - (iii) Policies and procedures for sharing information required for the purpose of CDD and ML/TF risk management.

B.5.2 Foreign Branches and Subsidiaries

- 9.3 At the minimum for AML/CFT measures, Labuan SE's foreign branches and subsidiaries need to meet the more stringent of:
- (i) AML/CFT requirements in jurisdictions where they are operating in; or
 - (ii) Requirements under the Guidance Note.

B.6 Reliance on Third Parties

B.6.1 Customer Due Diligence

- 10.1 In reliance on third parties to conduct CDD or to introduce business, the Labuan SE remains responsible for its CDD measures, with internal policies and procedures to mitigate the risks.
- 10.2 Labuan SE is prohibited from relying on third parties located in higher risk countries that have been identified in accordance with paragraph B.7.

B.6.2 Ongoing Due Diligence

- 10.3 Labuan SE shall not rely on third parties to conduct ongoing due diligence of its customers.

B.7 Higher Risk Countries

- 11.1 Enhanced CDD needs to be conducted in proportionate to the risk on business relationships and transactions with any person from higher risk countries identified by Financial Action Task Force (FATF) or Government of Malaysia.
- 11.2 The enhanced CDD conducted may include any specific CDD measure as may be imposed by FATF or Government of Malaysia.
- 11.3 In addition, where ML/TF risks are assessed as higher risk, Labuan SE needs to conduct enhanced CDD for business relationships and transactions with any person from other jurisdictions that have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF.

Labuan Financial Services Authority

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Appendix I List of Policy Documents for Reference

The Guidance Note shall complement and to be read together with the following Guidelines and Circulars:

- (i) Guidelines on AML/CFT - Capital Markets and Other Business Sectors;
- (ii) Guidelines on Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Labuan Key Reporting Institutions;
- (iii) Guidelines on Implementation of Targeted Financial Sanction on Terrorism Financing;
- (iv) Guidelines on Politically Exposed Person (PEP) – Family Members and Close Associates of PEP;
- (v) Guidelines on Beneficial Ownership for Labuan Legal Persons and Legal Arrangements;
- (vi) Guidelines on Fit and Proper Person Requirements;
- (vii) Directive on Implementation on Targeted Financial Sanctions Relating to Proliferation Financing (TFS-PF);
- (viii) Circular on Electronic Know-Your-Customer (e-KYC) for Digital Financial Services; and
- (ix) Directive on Accounts and Record-Keeping Requirement for Labuan Entities.

Appendix II Definitions

For the purpose of the Guidance Note, the following definitions apply:

Definition	
“beneficial owner”	<p>Refers to any natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those natural persons who exercise ultimate effective control over a legal person or arrangement.</p> <p>Reference to “ultimately owns or control” or “ultimate effective control” refers to situations in which ownership or control is exercised through a chain of ownership or by means of control other than direct control.</p>
“beneficiary”	<p>This is dependent on the context of which the terms is used as follows:</p> <p>(i) Under Labuan Trusts Act 1996, beneficiary refers to a person entitled to benefit under a trust or in whose favour a discretion to distribute property held in trust may be exercised. A beneficiary can be a natural or legal person or arrangement. All trusts (other than charitable or statutory permitted non-charitable trusts) are required to have ascertainable beneficiaries. While trusts must always have some ultimately ascertainable beneficiary, trusts may have no defined existing beneficiaries but only objects of a power until some person becomes entitled as beneficiary to income or capital on the expiry of a defined period, known as the accumulation period. This period is normally co-extensive with the trust perpetuity period which is usually referred to in the trust deed as the trust period;</p> <p>(ii) In relation to clubs, societies and charities, this refers to the natural person(s), or groups of natural persons who receive charitable, humanitarian or other types of services of the clubs, societies and charities.</p>

“Board”	This refers to the board of directors of the Labuan SEs, including a committee of the board to which responsibilities of the board set out in the Guidance Note to oversee the AML/CFT functions have been delegated.
“customer”	Refers to both account holder and non-account holder. The term also refers to a client.
“director”	Refers to any person, by whatever name called, who: (i) occupies the position of director of a body corporate; (ii) is a person in accordance with whose directions or instructions the directors of such a body corporate accustomed to act on; or (iii) an alternate or substitute director.
“electronic Know Your Customer (e-KYC)”	Refers to establishing business relationships and conducting Customer Due Diligence (CDD) by way of electronic means, including online and mobile channels.
“external service arrangement”	This refers to an arrangement in which a service provider performs an activity on behalf of the Labuan SE on a continuing basis ² , where the activity would otherwise be undertaken by the Labuan SE.
“higher risk”	Refers to circumstances where the Labuan SE assesses the ML/TF risks as higher, taking into consideration, but not limited to the following factors: (i) Customer risk factors: (a) The business relationship is conducted in unusual circumstances (e.g. significant unexplained geographic distance between the Labuan SE and the customer); (b) Non-resident customers; (c) Legal persons or arrangements that are personal asset-holding vehicles; (d) Companies that have nominee shareholders or shares in bearer form;

² For the avoidance of doubt, an agreement which is time-bound does not preclude the activity from being considered as being performed on a continuing basis.

	<ul style="list-style-type: none"> (e) Businesses that are cash-intensive; (f) The ownership structure of the company appears unusual or excessively complex given the nature of its business; (g) High net worth individuals; (h) Persons from locations known for their high rates of crime (e.g. drug producing, trafficking, smuggling); (i) Business or activities identified by the FATF as having higher risk for ML/TF; (j) Legal arrangements that are complex (e.g. nominee relationships or layering with legal persons); and (k) Persons who match the red flag criteria of the Labuan SE. <p>(ii) Country or geographic risk factors:</p> <ul style="list-style-type: none"> (a) Countries identified by credible sources, such as mutual evaluation or published follow-up reports, as having inadequate AML/CFT systems; (b) Countries subject to sanctions, embargos or similar measure issued by, for example, the United Nations; (c) Countries identified by the FATF, other FATF style regional bodies or other international bodies as having higher ML/TF risk; (d) Countries identified by credible sources as having significant levels of corruption or other criminal activities; and (e) Countries or geographic areas identified by credible sources as providing funding or support for terrorist activities; or that have designated terrorist organisations operating within their country. <p>(iii) Product, services, transaction or delivery channel risk factors:</p> <ul style="list-style-type: none"> (a) Anonymous transactions (which may include cash); (b) Non-face-to-face business relationships or transactions;
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	<p>(c) Payment received from multiple persons and/or countries that do not match the person's nature of business and risk profile; and</p> <p>(d) Payment received from unknown or unrelated third parties.</p>
"higher risk countries"	Refers to countries identified by FATF or Government of Malaysia that pose a risk to the international financial system.
"international organisations"	<p>Refers to entities established by formal political agreements between their member States that have the status of international treaties; their existence is recognised by law in their member countries; and they are not treated as residential institutional units of the countries in which they are located.</p> <p>Examples of international organisations include the following:</p> <p>(i) United Nations and its affiliated international organisations;</p> <p>(ii) Regional international organisations such as the Association of Southeast Asian Nations, the Council of Europe, institutions of the European Union, the Organisation for Security and Co-operation in Europe and the Organisation of American States;</p> <p>(iii) Military international organisations such as the North Atlantic Treaty Organisation; and</p> <p>(iv) Economic organisations such as the World Trade Organisation.</p>
"legal arrangement"	Refers to a contractual arrangement between the person who provides the funds or other assets and specifies the terms (the settlor) and the person with control over the funds or other assets (the trustee) for the benefit of those who benefit from the trust (the beneficiaries). This relates to express trusts or other similar legal arrangements.
"legal person"	Refers to any entity other than a natural person that can establish a permanent customer relationship with a firm or otherwise own property. This includes companies, bodies

	<p>corporate, government-linked companies (GLC), foundations, partnerships, or associations and other similar entities.</p> <p>GLC refers to an entity where the government is the majority shareholder or single largest shareholder and has the ability to exercise and/or influence major decisions such as appointment of board members and senior management.</p>
“mobile channel”	Refers to conducting transactions through any electronic device using a mobile application provided by the Labuan SE.
“occasional transaction”	Refers to transactions carried out by non-account holder or account holder who conducts transactions that are not normal and customary to the account profile of the customer.
“online channel”	Refers to conducting transactions through any electronic device other than transactions conducted via the mobile channel.
“person”	Includes a body of persons, corporate or unincorporate.
“politically exposed persons (PEPs)”	<p>Refers to:</p> <p>(i) Foreign PEPs – individuals who are or who have been entrusted with prominent public functions by a foreign country. For example, Heads of State or Government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations and important political party officials;</p> <p>(ii) Domestic PEPs – individuals who are or have been entrusted domestically with prominent public functions. For example, Heads of State or Government, senior politicians, senior government (includes federal, states and local government), judicial or military officials, senior executives of state-owned corporations and important political party officials; or</p> <p>(iii) Persons who are or have been entrusted with a prominent function by an international organisation which refers to members of senior management. For example, directors, deputy directors and members of the Board or equivalent functions.</p>

	<p>The definition of PEPs is not intended to cover middle ranking or more junior individuals in the foregoing categories.</p>
<p>“related parties”</p>	<p>Refers to:</p> <ul style="list-style-type: none"> (i) a person related to the funds, other financial assets or economic resources that are wholly or jointly owned or controlled, directly or indirectly, by a designated person; and (ii) a person acting on behalf or at the direction of a designated person. <p>Based on the above, it may extend to shareholders, directors, authorised person, senior management and also the beneficial owner.</p>
<p>“Senior Management”</p>	<p>Refers to the principal officer, any officer(s) or committee performing a senior management function who reports to the Board of the Labuan SE and is principally accountable for:</p> <ul style="list-style-type: none"> (i) making decisions that affect the whole, or a substantial part of, the Labuan SE’s business; (ii) implementing and enforcing policies and strategies approved by the Board including Head of Department or any equivalent designated person; or (iii) internal controls and processes of the Labuan SE.
<p>“third parties”</p>	<p>Refers to reporting institutions that are supervised by a relevant competent authority and that meet the requirements under paragraph B.6 on Reliance on Third Parties, namely persons or businesses who are relied upon by the Labuan SE to conduct the customer due diligence process.</p> <p>Reliance on third parties often occurs through introductions made by another member of the same group or by another financial institution.</p> <p>This definition does not include external service arrangements or agency relationships because the external service provider or agent is regarded as synonymous with the Labuan SE.</p>