



**MINISTRY OF
INVESTMENT, TRADE AND INDUSTRY**

CIRCULAR OF THE STRATEGIC TRADE CONTROLLER NO.1/2024

**DIRECTIVE ON TARGETED FINANCIAL SANCTIONS RELATING TO PROLIFERATION
FINANCING (TFS-PF)**

PURPOSE

1. The purpose of this Circular is to notify the revised Directive on Targeted Financial Sanctions Relating to Proliferation Financing (TFS-PF) under the Strategic Trade Act 2010 (STA 2010), Strategic Trade (United Nations Security Council Resolutions) Regulations 2010 and Strategic Trade (Restricted End-Users and Prohibited End-Users) Order 2010.

BACKGROUND

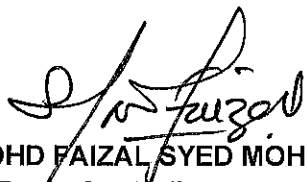
2. The United Nations Security Council (UNSC) has imposed TFS-PF measures to prevent funds or other assets from being made available, directly or indirectly, for the benefit of specified entities or designated persons who are being sanctioned, without delay.
3. In Malaysia, STA 2010 and specifically, the Strategic Trade (United Nations Security Council Resolutions) Regulations 2010 and Strategic Trade (Restricted End-Users and Prohibited End-Users) Order 2010 provide the legal basis for domestic implementation of TFS-PF in relation to UNSC designated countries and persons.
4. This Directive is issued pursuant to section 6 of STA 2010 to inform specific obligations which must be complied by Reporting Institutions (RIs) and monitored by relevant supervisory authorities.
5. TFS relating to proliferation financing (TFS-PF) are applicable to persons and/or entities designated by the UNSC or the relevant committees set up by the UNSC. Designation or listing criteria are:
 - a. persons or entities engaging in or providing support for, including through illicit means, proliferation-sensitive activities and programmes;
 - b. acting on behalf of or at the direction of designated persons or entities;
 - c. owned or controlled by designated persons or entities; and
 - d. persons or entities assisting designated persons or entities in evading sanctions, or violating UNSCR provisions.

AMENDMENTS

6. The amendments to the Directive are guided by the recent Financial Action Task Force (FATF) standards that include requiring RIs to conduct institutional risk assessments, implement appropriate measures and impose targeted financial sanctions. The list of RIs for the Directive has also been updated.
7. The Directive is legally binding on the persons or entities listed in Appendix I of the document.

EFFECTIVE DATE

8. The Directive takes effect from **7 June 2024**.
9. The Circular of The Controller of Strategic Trade No.1/2018 dated 12 April 2018 and the Directive on Implementation of Targeted Financial Sanctions Relating to Proliferation Financing (TFS-PF) under the Strategic Trade Act 2010, Strategic Trade (United Nations Security Council Resolutions) Regulations 2010 and Strategic Trade (Restricted End-Users and Prohibited End-Users) Order 2010 dated 13 April 2018 are revoked with immediate effect.



(SYED MOHD FAIZAL SYED MOHD DARDIN)

Strategic Trade Controller

Ministry of Investment, Trade and Industry, Malaysia

Date: 6 June 2024

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