

**LABUAN FINANCIAL SERVICES AUTHORITY
(LEMBAGA PERKHIDMATAN KEWANGAN LABUAN)**

Circular No.: 274/2022/ALL

Date: 8 July 2022

Association of Labuan Banks
Labuan Investment Banks Group
Labuan International Insurance Association
Association of Labuan Trust Companies

Dear Sir/Madam,

Submission of Compliance Report and Anti-Money Laundering Counter Financing of Terrorism (AML/CFT) Independent Audit Report to Labuan FSA

This circular is issued pursuant to Section 4A of Labuan Financial Services Authority Act 1996 (LFSAA) to clarify and reinforce the regulatory requirements relating to the submission of Compliance Report and Independent Audit Report on AML/CFT (AML/CFT Audit) to Supervision and Enforcement Department (SED), Labuan FSA. It shall be read together with the following Guidelines:

- i. Guidelines on Compliance Function for Labuan Licensed Entities;
- ii. Guidelines on AML/CFT and Targeted Financial Sanctions for Labuan Key Reporting Institutions (Guidelines on AML/CFT & TFS for KRI);
- iii. Guidelines on Minimum Audit Standards for Internal Auditor of Labuan Banks;
- iv. Guidelines on Minimum Audit Standards for Internal Auditors of Labuan Insurance and Insurance Related Companies;
- v. Governance and Market Conduct Framework for Labuan Trust Companies; or
- vi. Directive on Internal Audit Requirement for Labuan Managed Trust Companies

2. As stipulated under para 7.31 of the Guidelines on AML/CFT & TFS for KRI, effective 1 July 2022, the frequency and scope of AML/CFT Audit to be conducted by Labuan Key Reporting Institutions (KRI) had been changed, that it shall commensurate with the respective KRI's Money Laundering/Terrorism Financing (ML/TF) risks and vulnerabilities. In this regard, when AML/CFT Audit is conducted, the report shall be submitted to SED, Labuan FSA within 30 days after the report is submitted to the board.

3. Meanwhile, the requirement for the submission of the annual Compliance Report to Labuan FSA for Labuan Licensed Entities, including bank, investment bank, (re)insurance, trust company and fund manager remains, as stipulated under para 6.6.3 of the Guidelines on Compliance Function for Labuan Licensed Entities. Similarly, there is no change in the requirement relating to the frequency of general internal audit, as required under the respective sector's guidelines.

Report Submission

4. For Compliance Report, the minimum areas to be covered are stipulated under Appendix III of the Guidelines on Compliance Function for Labuan Licensed Entities.
5. For AML/CFT Audit, the report shall contain at least the assessments on:
 - i. The level of ML/TF risks facing the KRI;
 - ii. The adequacy and strength of the KRI's risk management control functions in managing the ML/TF risks; and
 - iii. The effectiveness of AML/CFT measures implemented by the KRI.
6. Please be reminded that the Compliance Report and AML/CFT Audit Report shall not be combined into one report due to their different objectives and scopes. Nevertheless, the AML/CFT Audit Report can be combined with the General Internal Audit Report, but there shall be a separate section on AML/CFT.
7. For insurance brokers and captives, in line with their nature of businesses, are only required to provide letter of compliance from the head office, insurance manager or external auditor on its state of compliance to the relevant regulatory requirements in Labuan IBFC, including on AML/CFT.
8. Please refer to **Appendix I** for submission details and deadlines of the respective sectors.

Non-Compliance

9. Please be reminded that as provided under the law, failure to comply with regulatory requirements may result in enforcement actions, including but not limited to the imposition of administrative penalty and/or other enforcement actions provided under the LFSAA and Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001.

Superseded Circulars

10. With the issuance of this circular, the following circulars are superseded:
 - i. Circular on Submission of Compliance Report and Anti-Money Laundering Counter Financing of Terrorism (AML/CFT) Independent Audit Report to Labuan FSA dated 6 May 2019; and
 - ii. Circular on Submission of Anti-Money Laundering Counter Financing of Terrorism (AML/CFT) Independent Audit Report to Labuan FSA dated 6 May 2019.

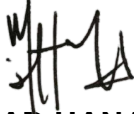
Enquiry

11. Should you need further clarification on this matter, please contact Encik Amirul Firdaus Jenggi at 03-2780 3323 (amirul@labuanfsa.gov.my) or Encik Abu Lokmanulhakim Abu Bakar at 03-8873 2044 (lokman@labuanfsa.gov.my).

Please be guided accordingly.

Yours sincerely,

For and on behalf of Labuan FSA



MUHAMMAD HANAFIS BORHAN

Director

Supervision & Enforcement Department

AFJ/ALAB/0327803323

Details of Report Submission

No.	Report	Submission Deadline	Sector applicable and link to upload reports	File name
1	Compliance Report	By 31 March following the year under review e.g. the report for the year 2022 shall reach Labuan FSA by 31 March 2023.	<ol style="list-style-type: none"> 1. Bank (https://cloud.labuanfsa.gov.my/in dex.php/s/BpRiGmJAHjLTqfP) 2. Investment Bank (https://cloud.labuanfsa.gov.my/in dex.php/s/D5segpobw34MNFx) 3. (Re)Insurance (https://cloud.labuanfsa.gov.my/in dex.php/s/xgozqjsTgWfRZ8Z) 4. Trust Company (https://cloud.labuanfsa.gov.my/in dex.php/s/xeAqz9cDazXHGqR) 5. Fund Manager (https://cloud.labuanfsa.gov.my/in dex.php/s/zY6mkmo7Zgbqism) 	<p>Before uploading the report, kindly name the document as follows:</p> <p><Entity Name> - <License type> - <Report name> - <Review Year></p> <p>e.g. ABC Ltd - Fund Manager - Compliance Report – 2022</p>
2	AML/CFT Audit Report	Within 30 days after submission to the board	<ol style="list-style-type: none"> 1. Bank (https://cloud.labuanfsa.gov.my/in dex.php/s/ppCABcoFL8rt5KM) 2. Investment Bank (https://cloud.labuanfsa.gov.my/in dex.php/s/maiDitxqW9fTmXY) 3. (Re)Insurance (https://cloud.labuanfsa.gov.my/in dex.php/s/jp3yTS4xFyNMoCq) 4. Trust Company (https://cloud.labuanfsa.gov.my/in dex.php/s/6wfezHtZY9xDWkz) 5. Fund Manager (https://cloud.labuanfsa.gov.my/in dex.php/s/A5pPtaZnckXjsLY) 6. Insurance Related Entities (https://cloud.labuanfsa.gov.my/in dex.php/s/SjXNqTrLXD2nRoz) 7. Managed Trust Company (https://cloud.labuanfsa.gov.my/in dex.php/s/gEAPw333yLKx9b5) 8. Money Broker (https://cloud.labuanfsa.gov.my/in dex.php/s/SXrwiY7S8f26ibS) 9. Fund Administrator (https://cloud.labuanfsa.gov.my/in dex.php/s/mnK4yqaxAdYXzcB) 10. Securities Licensee (https://cloud.labuanfsa.gov.my/in dex.php/s/q9E6aAdtyLo9ez6) 	<p>Before uploading the report, kindly name the document as follows:</p> <p><Entity Name> - <License type> - <Report name> - <Review Year ></p> <p>e.g. ABC Ltd - Fund Manager – AMLCFT Audit – 2022</p>

			<p>11. Exchanges (https://cloud.labuanfsa.gov.my/in dex.php/s/d3cbQ4CMMH5nzGL)</p> <p>12. Credit Token (https://cloud.labuanfsa.gov.my/in dex.php/s/ys37gC6Y6WJZaCg)</p> <p>13. Leasing (https://cloud.labuanfsa.gov.my/in dex.php/s/qjnwz9RgXfkmmPC)</p> <p>14. International Trading Company (https://cloud.labuanfsa.gov.my/in dex.php/s/tz2tn77cgb2prFJ)</p> <p>15. Factoring (https://cloud.labuanfsa.gov.my/in dex.php/s/DR9KC8xW78G2X8g)</p>	
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