

Engagement Session :

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

14 July 2022

Outline

01 | **AML/CFT Control Measures**

02 | **Form & Report Revision**

AML/CFT Control Measures

Board Accountability

- ✓ Determine the frequency and scope of independent audits that commensurate with the RI's institutional ML/TF risk
- ✓ Discussed and approved Risk Based Approach (RBA) process

Others

- ✓ Periodically review, evaluate and update the RBA
- ✓ Relevant records including sanction screening to be properly kept
- ✓ e-KYC performance report maintained
- ✓ AML/CFT training for employees at all levels within the organization

Key Supervisory Expectations



Compliance Officer

Strengthen on the requirements of Compliance Officer (CO) function:

- ✓ Raising the bar and standards for CO by encouraging relevant AML/CFT certification or professional qualification
- ✓ Revised CO form and submission
- ✓ CO at management level and not placed in a position of potential conflict of interest
- ✓ Outsourcing is not allowed

Customer Due Diligence

- ✓ RBA - rating and profiling for each customer
- ✓ Enhanced CDD for Foreign PEP, HRJ customer & other high-risk customer
- ✓ Translation of CDD documents which are not in National or English language

Independent Audit

Applying RBA:

- ✓ Independent audit to be carried out at the frequency determined by RI RBA
- ✓ Higher risk RI's, more rigorous audit
- ✓ KRI will be required to submit 3 independent audit report.

Form & Report Revision

Notification on Appointment of Compliance Officer (AML/CFT)

Revised Form	Details																															
<p>Guidelines on AML/CFT & TFS for Labuan KRI</p> <p></p> <p>APPOINTMENT OF DESIGNATED COMPLIANCE OFFICER</p> <p>Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA 2001)</p> <p>Name of Institution : Type of License :</p> <p>PROFILE OF DESIGNATED COMPLIANCE OFFICER (DCO) Important: All fields are mandatory and should not be left blank</p> <p>Section A: Personal Details</p> <table border="1"><tr><td>Name (as per NRIC/passport)</td><td></td></tr><tr><td rowspan="2">NRIC Details (for Malaysian)</td><td>Old IC No.:</td></tr><tr><td>NRIC No.:</td></tr><tr><td rowspan="2">Passport Details (for Non-Malaysian)</td><td>Passport No.:</td></tr><tr><td>Country of Issuance:</td></tr><tr><td rowspan="3">Contact</td><td>Email Address:</td></tr><tr><td>Telephone No.:</td></tr><tr><td>Address:</td></tr><tr><td rowspan="2">Designation</td><td>Title:</td></tr><tr><td>The DCO Post is at Management Level: Yes <input type="checkbox"/> No <input type="checkbox"/></td></tr><tr><td>Appointment Date</td><td></td></tr><tr><td colspan="2">Section B: Education and Professional Qualification</td></tr><tr><td>Qualification</td><td>Awarding Institution / Professional Body</td><td>Year Obtained</td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></table>	Name (as per NRIC/passport)		NRIC Details (for Malaysian)	Old IC No.:	NRIC No.:	Passport Details (for Non-Malaysian)	Passport No.:	Country of Issuance:	Contact	Email Address:	Telephone No.:	Address:	Designation	Title:	The DCO Post is at Management Level: Yes <input type="checkbox"/> No <input type="checkbox"/>	Appointment Date		Section B: Education and Professional Qualification		Qualification	Awarding Institution / Professional Body	Year Obtained										<ul style="list-style-type: none">Applicable to Key Reporting Institutions (KRI)E-mail to co@labuanfsa.gov.myNo approval from LFSA needed for CO (AML/CFT) appointmentOnly one notification required (*RI appointing more than one CO (AML/CFT), should submit details of CO who will be the dedicated CO for Labuan KRI in relation to AML/CFT matters).
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Form & Report Revision



Notification on Appointment of Compliance Officer (General Compliance)

Form	Details																																							
<p>Guidelines on Compliance Function for Labuan Licensed Entities</p> <p>APPOINTMENT OF COMPLIANCE OFFICER</p> <p>Name of Institution : _____</p> <p>Type of License : _____</p> <p>PROFILE OF COMPLIANCE OFFICER Important: All fields are mandatory and should not be left blank.</p> <p>Section A : Personal Details</p> <table border="1"><tr><td>Name (as per NRIC/passport)</td><td></td></tr><tr><td>NRIC Details (for Malaysian)</td><td>Old IC No.: NRIC No.:</td></tr><tr><td>Passport Details (for Non-Malaysian)</td><td>Passport No.: Country of Issue:</td></tr></table> <p>Do you also serve as the Designated Compliance Officer under Section 19(4) of the Anti Money Laundering and Terrorism Financing Act 2001? Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Section B : Education and Professional Qualification</p> <table border="1"><thead><tr><th>Qualification</th><th>Awarding Institution/ Professional Body</th><th>Year obtained</th></tr></thead><tbody><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></tbody></table> <p>Section C : Past and Current Work Experience</p> <table border="1"><thead><tr><th>Date (dd/mm/yyyy) From</th><th>Name of Employer</th><th>Designation</th><th>Key Areas of Responsibilities</th></tr></thead><tbody><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr></tbody></table> <p>Section D : Directorship Held in Other Company(s)</p> <table border="1"><thead><tr><th>Name of Corporation</th><th>Place of Incorporation</th><th>Date of Appointment (dd/mm/yyyy)</th><th>Nature of Appointment (executive or non-executive)</th></tr></thead><tbody><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td><td></td></tr></tbody></table>	Name (as per NRIC/passport)		NRIC Details (for Malaysian)	Old IC No.: NRIC No.:	Passport Details (for Non-Malaysian)	Passport No.: Country of Issue:	Qualification	Awarding Institution/ Professional Body	Year obtained							Date (dd/mm/yyyy) From	Name of Employer	Designation	Key Areas of Responsibilities									Name of Corporation	Place of Incorporation	Date of Appointment (dd/mm/yyyy)	Nature of Appointment (executive or non-executive)									<ul style="list-style-type: none">Applicable to Banks, (Re)insurance (*excluding Captive), Trust Company and Fund ManagerTwo forms (General Compliance CO form & AML/CFT CO form) to be submitted for the abovementioned RIsE-mail to co@labuanfsa.gov.myNo approval from LFSA needed for CO (General Compliance) appointment
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Form & Report Revision



Circular on AML/CFT Independent Audit	Key changes
<p>Labuan FSA Financial Services Authority</p> <p>LABUAN FINANCIAL SERVICES AUTHORITY (LEMBAGA PERKHIDMATAN KEWANGAN LABUAN)</p> <hr/> <p>Circular No.: 274/2022/ALL</p> <p>Date: 8 July 2022</p> <p>Association of Labuan Banks Labuan Investment Banks Group Labuan International Insurance Association Association of Labuan Trust Companies</p> <p>Dear Sir/Madam,</p> <p>Submission of Compliance Report and Anti-Money Laundering Counter Financing of Terrorism (AML/CFT) Independent Audit Report to Labuan FSA</p> <p>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:</p> <ol style="list-style-type: none">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; orvi. Directive on Internal Audit Requirement for Labuan Managed Trust Companies <p>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.</p> <p>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.</p>	<ul style="list-style-type: none">• Frequency of independent audit to be determined by RI RBA• KRI to submit AML/CFT Independent Audit Report• Submission deadline : 30 days after submission to the board• Cloud link to upload report

Form & Report Revision

Summary of exposure to customers and beneficial owners from HRJ

Key changes

Appendix VII.1 Annual Summary Report of Exposure to Customers and Beneficial Owners from High Risk Countries for Bank

SUUT

Reporting Institution : _____
 Officer's Name : _____
 Designation : _____
 E-mail : _____
 Telephone : _____

Guides to complete the survey

- Please answer all questions below with mandatory fields marked in yellow
- Please provide amount as at 31 December YYYY (except for Question 2 & 3 which require full year data)
- Please input "n/a" for unused text field and "0" for unused number field

Category:

1. Customers and beneficial owners from jurisdictions subject to a FATF call on its members and other jurisdictions to apply counter-measures to protect the international financial system from the ongoing and substantial money laundering and terrorist financing (ML/TF) risks emanating from the jurisdiction.
2. Customers and beneficial owners from jurisdictions subject to a FATF call on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risks arising from the jurisdiction.

QUESTION 1		Country A		Country B	
No. of customer and account balance by:		No. of customers	Account balance @ 31Dec YYYY (USD)	No. of customers	Account balance @ 31 Dec YYYY (USD)
- product/services used, & - customer profile					
1. Loan / Financing					
Individual	Expatriate				
	Government Representative				
	PEP				
	Student				
	Businessman / Businesswoman				
	Housewife				
	Retiree				
	Others (please specify)				
Legal Person		Resident Company/Business			
		Foreign Company/Business			
		NGOs			
Others (please specify)					
2. Deposit					
Individual	Expatriate				
	Government Representative				
	PEP				
	Student				
	Businessman / Businesswoman				
	Housewife				
	Retiree				
	Others (please specify)				
Legal Person		Resident Company/Business			

- Applicable to Banks and (Re)Insurance
- Submission deadline : 31 March of the following year
- E-mail to sed@labuanfsa.gov.my
- Nil report is not required to be submitted

Form & Report Revision



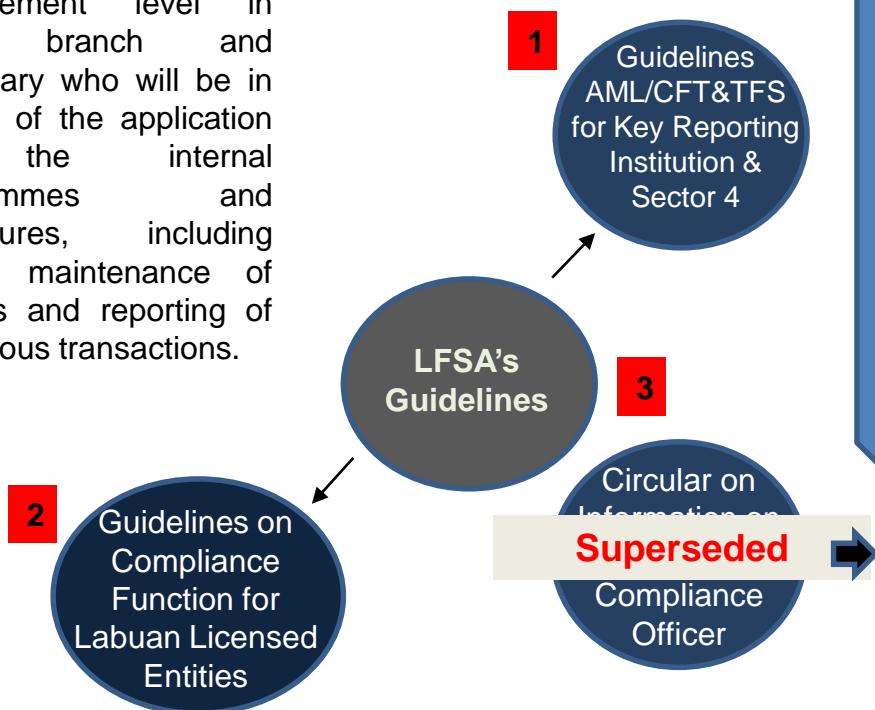
e-KYC Solutions Performance Report		Key changes																																																												
<p>Appendix VI Reporting Template on e-KYC</p> <p>IDENTIFICATION AND VERIFICATION FOR e-KYC</p> <p>Name of Institution : _____</p> <p>Type of License : _____</p> <p>Reporting Period : _____</p> <p>1. The performance data below shall be recorded when reporting e-KYC identification and verification cases performed by a reporting institution²⁸.</p> <table border="1"><thead><tr><th>DATA</th><th colspan="4">(YEAR)</th></tr><tr><th></th><th>January</th><th>...</th><th>June</th><th>Total</th></tr></thead><tbody><tr><td>Total identification and verification cases performed</td><td></td><td></td><td></td><td></td></tr><tr><td>Total identification and verification cases that were accepted by solution</td><td></td><td></td><td></td><td></td></tr><tr><td>Total sample size of identification and verification cases audited</td><td></td><td></td><td></td><td></td></tr><tr><td>True Positive</td><td></td><td></td><td></td><td></td></tr><tr><td>True Negative</td><td></td><td></td><td></td><td></td></tr><tr><td>False Positive</td><td></td><td></td><td></td><td></td></tr><tr><td>False Negative</td><td></td><td></td><td></td><td></td></tr><tr><td>False Acceptance Ratio (%)</td><td></td><td></td><td></td><td></td></tr><tr><td>False Rejection Ratio (%), defined as :</td><td></td><td></td><td></td><td></td></tr><tr><td>$\frac{\text{No. of False Negatives}}{\text{No. of False Negatives} + \text{No. of True Positives}} \times 100$</td><td></td><td></td><td></td><td></td></tr></tbody></table>		DATA	(YEAR)					January	...	June	Total	Total identification and verification cases performed					Total identification and verification cases that were accepted by solution					Total sample size of identification and verification cases audited					True Positive					True Negative					False Positive					False Negative					False Acceptance Ratio (%)					False Rejection Ratio (%), defined as :					$\frac{\text{No. of False Negatives}}{\text{No. of False Negatives} + \text{No. of True Positives}} \times 100$					<ul style="list-style-type: none">Applicable to KRI that implement e-KYC solutions to verify a customer's identitySubmission deadline : by 15 January of the following yearE-mail to sed@labuanfsa.gov.my
DATA	(YEAR)																																																													
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Compliance Officer



AMLATPUA
Act 2001

- Section 19 (4):
A reporting institution shall also **designate** **compliance officers** at management level in each branch and subsidiary who will be in charge of the application of the internal programmes and procedures, including proper maintenance of records and reporting of suspicious transactions.



AML/CFT

- **Compliance Officer (CO)** acts as the reference point for AML/CFT matters within the reporting institution.
- Applicable to – Banks, Insurance and Insurance related, Trust Company, Fund Manager, Money Broker, Factoring, Credit Token, Exchanges, Fund Administrator, Leasing, Securities Licensee, LITC and LDFS.

General Compliance

- **Compliance Officer** in charge of compliance with all Labuan's legislature and regulatory requirements. Outsourcing is allowed.
- Applicable to – Banks, (Re)Insurance, Trust Company, Fund Manager

Compliance Officer



Circular on Information on Designated Compliance Officer

Superseded



LABUAN OFFSHORE FINANCIAL SERVICES AUTHORITY

Our Reference :
33/2003/ALL

3 September 2003

Chairman
Association of Offshore Banks Labuan
Labuan International Insurance Association
Association of Labuan Trust Companies
All Investment Banks
All Fund Managers
All Money Brokers

Dear Sir/Madam,

INFORMATION ON DESIGNATED COMPLIANCE OFFICER

As you are aware, section 14 (b) of the Anti-Money Laundering Act 2001(AML) requires reporting institutions to promptly report to the competent authority any suspicious transaction. Additionally, section 19 (4) of AML also requires reporting institutions to designate a compliance officer at management level in each branch and subsidiary who will be in-charge of the application of the internal programmes and procedures, including proper maintenance of records and reporting of suspicious transactions.

In this regard, you are required to submit to LOFSA the particulars of your designated compliance officer as per the attached format.

Appendix 1

INFORMATION ON DESIGNATED COMPLIANCE OFFICER

NAME OF INSTITUTION:

Name			
Position			
Qualification			
	Name of Co.	Position held	No. of years
Working experience in relevant industries (If any)			

I hereby declare that the above information is true and correct.

THANK YOU

DISCLAIMER

This presentation should not be regarded as offering a complete explanation on AML/CFT and is subject to changes. Labuan FSA does not accept any responsibility for loss occasional to any person acting or refraining from action as a result of any material in this presentation.