



FREQUENTLY-ASKED QUESTIONS

SUSPICIOUS TRANSACTION REPORT

A. FINANCIAL INTELLIGENCE SYSTEM (FINS) - USER REGISTRATION

- 1. What are the eligibility criteria for registering as a user of FINS, a platform administered by the Financial Intelligence and Enforcement Department (FIED), Bank Negara Malaysia (BNM)?**

An officially appointed designated Compliance Officer (CO) of a Labuan KRI is eligible to register as a FINS user. The application must be submitted using the template provided in Appendix VIII of the *Guidelines on AML/CFT/CPF and TFS for Labuan Key Reporting Institutions* (the Guidelines). Pursuant to paragraph 7.7(vii) of the Guidelines, a Labuan KRI is required to notify Labuan FSA of the appointment of the designated CO.

At entity level, prior to submit FINS application, a Labuan KRI must first comply with the following general requirements:

- Secure environment – *access to FINS from a secure environment;*
- Legitimate operating system (OS) – *use a recognised OS such as Windows or other legitimate systems;*
- Antivirus protection – *install antivirus software that is regularly updated;*
- Software maintenance – *ensure all relevant software receives timely patches and updates;*
- Network security – *do not use public Wi-Fi to access FINS; and*
- Official email use – *register and access FINS using the company's official email address/domain.*

If a CO has not been granted access to the FINS, the CO is required to:

- (i) Submit the Suspicious Transaction Report (STR) directly to Bank Negara Malaysia (BNM) by completing the STR form and emailing it to str@bnm.gov.my. The STR form can be obtained from BNM's AML/CFT website: <https://amlcft.bnm.gov.my/aml/cft-policies>
- (ii) Concurrently, the CO must notify Labuan FSA of the STR submission by emailing aml@labuanfsa.gov.my.

B. STR REPORTING PROCEDURES

2. Other than a CO, can a senior officer at management level of a Labuan KRI evaluate the internal STR and lodge a suspicious transaction report to FIED, BNM?

No, only a CO can have access and evaluate internal STR and proceed with STR reporting via FINS to FIED, BNM. The responsibility for evaluating and submitting STR lies solely with the CO of the Labuan KRI. The CO must exercise independent judgement and discretion in assessing and reporting suspicious transactions in compliance with the Guidelines. In this regard, the Labuan KRI must ensure that the appointed CO has sufficient stature, authority and seniority within the organisation to make effective decisions related to ML/TF/PF, including the submission of STR.

3. Can a registered CO of a Labuan KRI continue to submit STRs on the same customer or should the CO update the details in the previous STR case already lodged?

A Labuan KRI may opt to update or make a fresh STR as and when a new suspicion arises, as required under paragraph 17.11 of the Guidelines. A Labuan KRI is encouraged to submit a new STR if there is new critical information pertaining to the same or similar transaction conducted by the same customer. Where a new STR is submitted, a Labuan KRI should include the previous reference number as part of the reporting description.

Examples of trigger points to submit a new STR:

- (i) New suspicion arises (e.g. new patterns or types of suspicious behavior); and
- (ii) New critical information changes (e.g. new accounts, transactions or associates) have been discovered that were not included in the earlier STR.

4. Is there a threshold for reporting suspicious transactions?

No minimum transaction amount is required for reporting suspicious transactions. The requirement is triggered by suspicion, not by the value of the transaction. However, a Labuan KRI may establish internal threshold amounts based on its individual institutional risk assessment. These thresholds are not a substitute for reporting suspicious activity but serve as a tool to help identify potentially suspicious transactions.

Paragraph 17.15 of the Guidelines requires a Labuan KRI to establish internal criteria (“red flags”) to detect suspicious transactions. A Labuan KRI may refer to the Appendix IX of the Guidelines and Circular on Red Flag Indicators for Labuan IBFC, which provide indicators and examples. However, these red flag indicators are neither exhaustive nor exclusive and should not be relied upon solely to identify suspicious activities. The Circular on Red Flags Indicators for Labuan IBFC is also published on the Labuan FSA website.

C. INTERNALLY GENERATED SUSPICIOUS TRANSACTION REPORT**5. What is the duration for a Labuan KRI to maintain the internally generated reports and supporting documents?**

A Labuan KRI is required to maintain internally generated reports and supporting documents for at least six years based on the following criteria as specified under Record Keeping in paragraph 19.3 of the Guidelines:

- (i) The completion of the transaction;
- (ii) The termination of the business relationship; or
- (iii) After the date of the occasional transaction.

6. Can a Labuan KRI maintain internally generated reports in a soft copy form, e.g. excel format?

Yes, a Labuan KRI can maintain internally generated reports in soft copy form. However, the Labuan KRI must ensure compliance with data integrity, confidentiality and evidentiary requirements as follows:

- (i) The records are stored securely and protected against unauthorised access, alteration, or destruction;
- (ii) The format is reliable and retrievable in a timely manner;
- (iii) The electronic records are maintained in a form that is admissible as evidence in court, in accordance with the Evidence Act 1950; and
- (iv) They are readily accessible and can be provided to supervisory authorities or law enforcement agencies upon request, as required under paragraph 17.20 of the Guidelines.

D. DISCLOSURE OF STR AND RELATED INFORMATION

7. Can an internal auditor of a Labuan KRI review the quality of STR submitted through FINS?

While Section 14A of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ([AMLA](#)) provides a general prohibition on the disclosure of STR and related information, subsections 14A(3)(a) to (d) allow disclosure under certain circumstances.

Section 14A(3)(a) of the AMLA allows disclosure of the STR if it is made while acting in connection with the performance of his/her duties or the exercise of his/her function under the AMLA (e.g. disclosures to the internal audit).

It is at the discretion of the respective Labuan KRI to assess whether the disclosure of internally generated reports to the internal audit function is warranted, based on the exemption provided under AMLA. Internal auditors are permitted, under Section 14(1) of AMLA, to conduct testing on the parameters established for

suspicious transaction reporting. This includes evaluating whether such parameters are effective in ensuring that all relevant reports required to be submitted to BNM (the competent authority) are indeed submitted in accordance with regulatory expectations.

However, a Labuan KRI should note that if the appointed auditor is from an entity outside of Malaysia, written authorisation for the disclosure of STR and related information must be obtained from the FIED, BNM, prior to any such disclosure. While Section 14A(3)(c) of the AMLA permits such disclosure when it is made while performing duties as a director, officer or employee of a Labuan KRI to the supervisory authority, this provision does not override the requirement to obtain prior approval from FIED, BNM.

A Labuan KRI should implement appropriate controls to safeguard the confidentiality of STR, even in circumstances where disclosure is permitted. These controls must ensure that access to STR is restricted to authorised personnel only and that any disclosure is made strictly in accordance with applicable legal and regulatory requirements.

8. Can a Labuan KRI report STR to a parent company located overseas?

A Labuan KRI is strictly prohibited from disclosing any STR, or any information related to such reports, in accordance with section 14A of the AMLA. This prohibition applies to all forms of disclosure, except where expressly permitted under the law, and aims to preserve the confidentiality and integrity of the reporting process.

However, the prohibition described above does not apply in circumstances where the exceptions under Section 14A(3)(d) of AMLA are applicable. A Labuan KRI should obtain written authorisation from FIED, BNM for the disclosure of STR and related information prior to any such disclosure.