



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

**Frequently Asked Questions on**  
**Anti-Money Laundering,**  
**Countering Financing of Terrorism and**  
**Targeted Financial Sanctions for**  
**Financial Institutions**  
  
*(FAQs on AML/CFT and TFS for FIs)*

## **Introduction**

The Frequently Asked Questions (FAQs) are intended to provide clarification to reporting institutions on common queries in relation to the Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Financial Institutions policy document (Policy Document).

These FAQs are not intended to replace any requirements in the Policy Document.

Any refinements to the FAQs will be updated by Bank Negara Malaysia from time to time.

Should you have any additional queries related to Policy Document, please submit the queries via any of the following means:

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**Bank Negara Malaysia**  
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## TABLE OF CONTENTS

<b>Introduction .....</b>	<b>1</b>
<b>Glossary.....</b>	<b>3</b>
<b>Definition and Interpretation .....</b>	<b>4</b>
<b>Application of Risk-Based Approach .....</b>	<b>7</b>
<b>AML/CFT Compliance Programme .....</b>	<b>9</b>
<b>Customer Due Diligence (CDD).....</b>	<b>12</b>
<b>Politically Exposed Persons (PEPs).....</b>	<b>24</b>
<b>Reliance on Third Parties .....</b>	<b>25</b>
<b>Higher Risk Countries.....</b>	<b>25</b>
<b>Money or Value Transfer Services (MVTs) .....</b>	<b>26</b>
<b>Wire Transfers .....</b>	<b>27</b>
<b>Cash Threshold Report (CTR).....</b>	<b>27</b>
<b>Suspicious Transaction Report (STR).....</b>	<b>28</b>
<b>Disclosure of Suspicious Transaction Report, Cash Threshold Report and Related Information.....</b>	<b>29</b>
<b>Record Keeping.....</b>	<b>30</b>
<b>Enforcement Orders.....</b>	<b>31</b>
<b>Targeted Financial Sanctions .....</b>	<b>31</b>
<b>Other Reporting Obligations .....</b>	<b>39</b>
<b>APPENDIX A: Infographic on Higher Risk Countries.....</b>	<b>40</b>
<b>APPENDIX B: Infographic on Wire Transfers .....</b>	<b>42</b>

**GLOSSARY**

<b>No</b>	<b>Abbreviation</b>	<b>Description</b>
1	AKPK	Agensi Kaunseling & Pengurusan Kredit
2	AMLA	Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001
3	AML/CFT	Anti-Money Laundering and Countering Financing of Terrorism
4	ASNB	Amanah Saham Nasional Berhad
5	BO	Beneficial Owner
6	CDD	Customer Due Diligence
7	CDM	Cash Deposit Machine
8	CTR	Cash Threshold Report
9	DTI	Deposit-Taking Institutions
10	e-KYC	Electronic Know Your Customer
11	EPF	Employees Provident Fund
12	FATF	Financial Action Task Force
13	FINS	Financial Intelligence System
14	GLCs	Government Linked Companies
15	IRA	Institutional Risk Assessment
16	IO	Investigating Officer
17	ITOs	Insurance and Takaful Operators
18	LHDN	Lembaga Hasil Dalam Negeri
19	MSB	Money Services Business
20	ML/TF	Money Laundering and Terrorism Financing
21	MVTS	Money or Value Transfer Services
22	NBIs	Non-Bank Issuers of Designated Payment Instruments and Designated Islamic Payment Instruments
23	NRIC	National Registration Identity Card
24	PCT	Person Conducting Transaction
25	PEPs	Politically Exposed Persons
26	SOCISO	Social Security Organisation
27	STR	Suspicious Transaction Report
28	TFS	Targeted Financial Sanctions
29	UNSC	United Nations Security Council
29	UNSCR	United Nations Security Council Resolutions

NO.	QUESTION	ANSWER
<b>Definition and Interpretation</b>		
<b><i>Beneficial Owner</i></b>		
1	<p>Does the definition of “<i>beneficial owner</i>” refer to the chains of shareholders and directors, and exclude the individuals who hold senior management positions in a company, for example, Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), or similar kind of positions in the company?</p>	<p>Generally, the first step of identifying the beneficial owner (BO) as referred to in “...<i>situations in which ownership or control is exercised through a chain of ownership.</i>” is by identifying the shareholders and directors, not the individuals appointed as executives e.g. CEO, CFO, COO, unless these executives are also the shareholders or directors.</p> <p>The “<i>chain</i>” here is in relation to parent-subsidary situations which extend across several levels, where the reporting institutions will need to review the entire chain of companies and subsidiaries to determine who is the ultimate beneficial owner of a particular customer that the reporting institution is dealing with.</p> <p>However, reporting institutions should be aware that for BO of a legal person, if the natural person cannot be identified through the controlling ownership interest, then the senior management of that legal person e.g. CEO, CFO, COO or similar position is to be identified as the BO.</p> <p>Details on the above sequential process to identify the BO can be found in the following paragraphs of the Policy Document:</p> <ul style="list-style-type: none"> <li>a. Banking and DTIs - paragraph 14A.9.6</li> <li>b. Insurance and Takaful - paragraph 14B.11.12</li> <li>c. MSB - paragraph 14C.10.7</li> <li>d. NBIs - paragraph 14D.9.6</li> </ul> <p>For further details on beneficial owner, please refer to the “<i>Guidance on Beneficial Ownership</i>” issued by Bank Negara Malaysia.</p>

NO.	QUESTION	ANSWER
<b>Legal Person</b>		
2	What are the different types of government linked companies (GLCs)?	<p>GLCs refer to entities where the government is:</p> <ul style="list-style-type: none"> <li>a. the majority shareholder; or</li> <li>b. the single largest shareholder; and / or</li> <li>c. has the ability to exercise and / or influence major decisions such as appointment of board members and senior management.</li> </ul> <p>The definition would also be applicable in instances where the government is not a single largest shareholder but is able to exercise control e.g. through golden shares (where the government is entitled to certain special rights).</p> <p>This may also include state-owned corporation (SOC) which is a body formed by the government through legal means to be able to take part in activities of a commercial nature. As activities of a state-invested entity (SIE) also involve investment on behalf of the government, they may be treated the same as SOCs and GLCs.</p>
<b>Person Conducting the Transaction</b>		
3	Who is to be classified as person conducting the transaction (PCT)?	<p>PCT is defined in paragraph 6.2 of the Policy Document and refers to any natural person conducting or purporting to act on behalf of the customer, such as person depositing into another customer's account or person undertaking a transaction on behalf of another person.</p>

NO.	QUESTION	ANSWER
		<p>Examples of PCT may include the following:</p> <ul style="list-style-type: none"> <li>a. a third party conducting money services transactions on behalf of the customer e.g. an employer remitting on behalf of foreign employees / workers or a travel agent exchanging monies on behalf of tour groups;</li> <li>b. a company representative making payments on behalf of the company; or</li> <li>c. a third party paying on behalf of an account holder or policy holder e.g. a parent or guardian performing a transaction on behalf of the child who is the account holder or policy holder or a third party making repayment to loan accounts.</li> </ul>
<b>Nominee (Insurance and Takaful)</b>		
4	Who is defined as nominee?	<p>A nominee is a person that the insured person under an insurance policy or takaful certificate chooses or nominates to receive the policy moneys / takaful benefits from the insurance policy or takaful certificate, upon the death of the policy owner / takaful participant.</p> <p>Nominee is included under the definition of “<i>beneficiary</i>” in paragraph 6.2 of the Policy Document.</p>

NO.	QUESTION	ANSWER
<b>Application of Risk-Based Approach</b>		
<i>Risk Assessment</i>		
5	<p>What is the expectation for reporting institutions in conducting their institutional risk assessment (IRA)? Can the IRA be thematic and how frequent must it be conducted?</p>	<p>Paragraph 10.2.1 of the Policy Document, requires reporting institutions to identify, assess and understand their ML/TF risk in relation to the following parameters:</p> <ol style="list-style-type: none"> <li>a. customers;</li> <li>b. countries or geographical areas;</li> <li>c. products, services, transactions or delivery channels; and</li> <li>d. other relevant risk factors.</li> </ol> <p>Reporting institutions' first IRA must be comprehensive, covering all the above mentioned parameters i.e. customers, countries/geographical areas and products/ services/ transactions and delivery channel, at minimum. Reporting institutions may choose to update the IRA on a thematic basis.</p> <p>Reporting institutions may consider to set the frequency of the IRA on a specific period e.g. every 1 to 2 years or where circumstances have changed that may warrant a refresh of the IRA, e.g. material changes in risk profile, significant internal audit finding, changes in business direction, new typologies suggested by authorities or the Financial Action Task Force (FATF), or when embarking in new technologies, etc.</p> <p>Reporting institutions may also refer to the guidance documents on risk-based approach available in Appendix 1 of the Policy Document and guidance issued by the FATF which are available on its website at: <a href="http://www.fatf-gafi.org/">http://www.fatf-gafi.org/</a></p>

NO.	QUESTION	ANSWER
<b>Risk Profiling</b>		
6	<p>What is deemed as a valid justification when re-rating a customer's risk from higher to lower? Should the reporting institution document the procedures for reference purposes?</p>	<p>Reporting institutions are to assess the customers' risk based on the type of customer, geographical location, products, services, transactions or delivery channels and other relevant factors (such as emerging threats, trends, change in behaviours, past suspicious transaction report experience, etc.).</p> <p>Reporting institutions are expected to consider the applicable factors at the stage of on-boarding and during re-rating to determine the risk of a customer. Reporting institutions are also expected to document internal customer risk profiling assessments, for record keeping and audit purposes.</p> <p>Reporting institutions may refer to the guidance provided in Appendix 1 of the Policy Document for suggested approach to conduct customer risk profiling.</p>
7	<p>For classification of higher risk customers, is there a limit on the indicators to be relied on when assessing a customer's risk profile? Can reporting institutions rely on two or more indicators for deciding to rate the customer as having higher risk?</p>	<p>Reporting institutions can rely on various indicators in deciding to rate a customer as having higher risk. Reporting institutions are expected to consider all risk factors applicable based on type of customer, geographical location, products, services, transactions or delivery channels and may include other relevant factors such as patterns of transactions or activity throughout the business relationship.</p> <p>However, there are instances where a customer is classified as having higher risk based on only one higher risk indicator regardless of the level of risk posed by the other factors. For example, a customer <b>must</b> be classified as having higher risk if the customer is a foreign politically exposed person (PEP); or is from higher risk countries</p>

NO.	QUESTION	ANSWER
		that are called for by the FATF. In both examples above, enhanced CDD shall apply.
<b>AML/CFT Compliance Programme</b>		
<i>Employee Screening Programme</i>		
8	Can screening be differentiated for different employees?	<p>Yes, the screening of employees can be differentiated on a risk-based basis, depending on the position, job scope or other relevant factors related to the employee.</p> <p>Reporting institutions are expected to assess their employees' vulnerability to money laundering, terrorism financing, fraud and bribery risks, and use various sources of information to assist in the screening process to ensure that employees do not abuse their position or be vulnerable or used as a conduit to facilitate ML/TF activities.</p>
9	What are the methods to conduct employee screening?	<p>Reporting institutions may choose any suitable method to conduct employee screening and be guided by the requirements in paragraph 11.5 of the Policy Document.</p> <p>Examples of methods for the conduct of employee screening may include face-to-face meeting, phone or video interviews, online checks, skills test, submission of documents or statutory declarations, criminal checks with relevant authorities, consumer credit reports, transaction monitoring, obtaining employment reference, etc.</p>

NO.	QUESTION	ANSWER
10	<p>Would trigger events such as transaction monitoring, periodic negative news screening suffice as the parameter for rescreening?</p>	<p>The parameters and triggers for re-screening are to be determined by each reporting institution.</p> <p>Examples of best practices would include consideration of global watch list (including negative news screening), criminal checks with relevant authorities, transaction monitoring as well as credit reports and also changes in circumstances, either professionally or personally e.g. promotion, secondment to another division function, financial hardships, or staying in the same position for a long period of time, etc.</p>
<b><i>Employee Training and Awareness Programmes</i></b>		
11	<p>What forms of employee training are acceptable?</p>	<p>Training should be continuous. Any form of training, e.g. classroom, online or webinar, are acceptable depending on the needs of the employee, the job function and responsibilities undertaken by the employee.</p> <p>Reporting institutions should have clear and comprehensive training contents. The training materials should be frequently reviewed to include any latest changes to the AML/CFT or other regulatory requirements. In addition, tests or examinations are highly encouraged to demonstrate higher levels of effectiveness.</p> <p>Reporting institutions are to ensure that the training provided to their employees is properly documented.</p>
12	<p><b><i>[Insurance and Takaful]</i></b>                      Must insurance principals provide any form of training to their insurance agents in relation to AML/CFT compliance?</p>	<p>Life insurance principals are required, under paragraph 11.6 of the Policy Document, to ensure their agents receive initial and on-going training on relevant AML/CFT obligations. This also applies in cases where the insurance agent provides both life and general insurance services.</p>

NO.	QUESTION	ANSWER
<b>Independent Audit Function</b>		
13	Can the Board level function be delegated to other Board level committees (i.e. audit or risk)?	<p>Yes, the function may be delegated to other Board level committees (i.e. audit or risk) so long as the committee is independent and the AML/CFT findings or issues relating to the adequacy and implementation of the AML/CFT policies and procedures are ultimately tabled to the Board.</p> <p>For example, the decision on frequency and scope of the audit can be delegated to the Board Audit Committee.</p>
14	Are reporting institutions required to conduct an annual audit?	<p>The frequency of the audit depends on the reporting institutions' assessment of its ML/TF risk exposure and is determined by the Board.</p> <p>On the scope of the independent audit, reporting institutions are to refer to the requirements under paragraph 11.7.6 of the Policy Document. Further, reporting institutions must also consider whether there were previous non-compliances under the AMLA which resulted in enforcement actions taken against the reporting institution.</p>
15	Are reporting institutions no longer required to submit an audit report to the Financial Intelligence & Enforcement Department, Bank Negara Malaysia (FIED, BNM) on an annual basis?	<p>Yes, reporting institutions are no longer required to submit an annual audit report to FIED, BNM.</p> <p>However, reporting institutions must ensure that the audit report and necessary corrective measures undertaken are made available to FIED, BNM and the relevant supervisory authorities upon request.</p> <p>In addition, MSB licensees are expected to be guided by other relevant requirements relating to internal audit report issued by the Money Service Business Regulation Department, BNM.</p>

NO.	QUESTION	ANSWER
<b>Customer Due Diligence (CDD)</b>		
<b>General</b>		
16	<p><b>[Banking and Deposit-Taking Institutions]</b>                      How would CDD be conducted on cash deposit machines (CDM) transactions?</p>	<p>For CDM transactions, CDD and on-going monitoring are to be conducted on the account holder and not the PCT.</p> <p>For example, if A deposits cash via CDM into B's account, reporting institutions are expected to monitor B's account and report CTR should the amount exceed RM25,000.</p>
17	<p><b>[Money Services Business]</b>                      What are the expectations of conducting CDD on beneficial owners, when most of the customers are walk-in customers?</p>	<p>MSB licensees are required to take reasonable measures to identify and verify beneficial owners especially when they have knowledge based on previous transactions or publicly available information that the customer (i.e. person conducting the transaction) is acting on behalf of the beneficial owner, for example:</p> <ol style="list-style-type: none"> <li>a. Exchange transactions with the representative of the beneficial owner (e.g. a domestic PEP) are allowed if MSB licensees are able to comply with the CDD requirements on beneficial owners and his/her representative.</li> <li>b. Where there is a partial disclosure of the identity i.e. name of the beneficial owner by the representative, MSB licensees are allowed to perform the exchange transactions with the representative; and must consider lodging a STR on the representative including information on the BO to FIED.</li> <li>c. Where there is no disclosure of the identity i.e. name of the beneficial owner by the representative, MSB licensees are allowed to perform the exchange transactions with the representative; and must lodge a STR on the representative to FIED.</li> </ol>

NO.	QUESTION	ANSWER
		<p>If the customer is unable to provide or refuse to provide the information and/or documents, MSB licensees must not perform the transaction for the customer.</p>
18	<p><b>[Money-Changing Business, Wholesale Currency Business and E-Money]</b>            What are the scenarios in which reporting institutions may offer their products or services without conducting CDD?</p>	<p><b>Money-changing and Wholesale Currency Business</b>            The Policy Document stipulates threshold based CDD for money-changing transactions.</p> <p>Reporting institutions may offer money changing and wholesale currency business without conducting CDD when the transaction amount is less than RM3,000.</p> <p><b>E-money</b>            The Policy Document stipulates strict CDD tiers for e-money accounts, which is in accordance to the thresholds and features. Reporting institutions may use Appendix 3 of the Policy Document as reference.</p> <p>Reporting institutions are required to conduct CDD when any of the following conditions are met:</p> <ol style="list-style-type: none"> <li>a. the account limit is equivalent to RM3,000 or above;</li> <li>b. the monthly transaction limit is equivalent to RM5,000 or above;</li> <li>c. the annual transaction limit is equivalent to RM60,000 or above;</li> <li>d. the account is used for payments of goods and/or services outside of Malaysia;</li> <li>e. the account is used for cash withdrawals; and</li> <li>f. the account is used for wire transfers.</li> </ol> <p>If any of the above conditions are met, reporting institutions are expected to conduct CDD in accordance with the relevant tiers.</p>

NO.	QUESTION	ANSWER
		<p>For example, if an e-money account has an account limit of RM1,500, with monthly and annual transaction limits of RM2,000 and RM24,000 respectively. However, it can be used for domestic wire transfers, then the said account shall not be offered without CDD. Instead, the reporting institution may opt to offer the product with Simplified CDD.</p>
19	<p><b>[NBIs]</b> Does the requirements in the AML/CFT and TFS Policy Document supersede the Interoperable Credit Transfer Framework (ICTF)?</p>	<p>As per paragraph 8.2 of the Policy Document, only selected requirements pertaining to CDD in paragraphs 10.3, 10.4, 10.5 and Appendix 2 of the ICTF are superseded. Reporting institutions shall adhere to CDD requirements stipulated in the Policy Document, with effect from 1 January 2020.</p>
20	<p>Are reload transactions included within the computation of monthly/annual transaction limits?</p>	<p>No. The monthly or annual transaction thresholds stipulated in the Policy Document are solely on the usage of funds in the e-money.</p> <p>For example, a customer reloads RM100 into their e-money account and proceeds to buy RM30 worth of goods / services on the e-money platform. In this case, the utilised funds of RM30 from the account is computed for the monthly / annual transaction limit.</p>
<p><b>Verification</b></p>		
21	<p>How do reporting institutions to conduct verification of the identity of a customer or beneficial owner through “<i>reliable and independent documentation, electronic data or any other measures deemed necessary</i>”?</p>	<p>Verification can be a combination of various data points that the financial institution deems to be “<i>reliable and independent</i>” which could cumulatively ensure the veracity of customer and beneficial owner’s identification data. Any measures adopted should be subjected to the reporting institution’s internal governance process.</p> <p>Generally, reporting institutions would verify the identity through acceptable government issued documents with or without photograph (e.g. MyKad, MyKid, MyPR, OKU card, driving licence, birth certificate, marriage certificate),</p>

NO.	QUESTION	ANSWER
		<p>foreign passport, employee identification documents, etc.</p> <p>Alternatively, subject to the reporting institution's assessment whether it is appropriate to mitigate the risks, reporting institutions may accept scanned or copy documentation and apply additional measures which include:</p> <ol style="list-style-type: none"> <li>a. third party verification of identity from the client's primary bank account provider, lawyer or accountant in accordance with paragraph 16 of the Policy Document;</li> <li>b. corroborative evidence from Jabatan Pendaftaran Negara, Suruhanjaya Syarikat Malaysia and Central Credit Reference Information System (CCRIS) databases;</li> <li>c. use of commercial providers who triangulate data sources to verify documentation provided;</li> <li>d. use of new and robust technology solutions including but not limited to, biometric technologies which should be linked incontrovertibly to the customer;</li> <li>e. through non face-to-face mechanisms e.g. video conference with customers and submission of selfies to compare the physical identity of a customer with scanned or photographed copies of identification documents; and/or</li> <li>f. other reliable and independent source.</li> </ol> <p>Reporting institutions are expected to undertake adequate and reasonable measures to mitigate risks arising from the adoption of any non face-to-face mechanisms. For further details, please refer to the "<i>Guidance on Verification of Individual Customers for CDD</i>" issued by Bank Negara Malaysia.</p>

NO.	QUESTION	ANSWER
22	<p>For verification purpose, are reporting institutions required to make a copy of the customer's NRIC, or is it sufficient to document or make a record of the customer's NRIC number?</p>	<p>Yes, any documents requested or obtained during the CDD process should be kept and recorded to meet the record keeping requirement as set out under paragraph 24.1 of the Policy Document.</p> <p>The record keeping of these documents may be in the form of a photocopy, soft copy (scanned copy or snapped picture) or biometric record (such as Government Multi-Purpose Card Consortium (GMPC) verification, etc.).</p>
23	<p>The paragraphs below provide for the exemption of verification of the identity of directors and shareholders of legal persons which are public listed companies or corporations listed in Bursa Malaysia.</p> <p>a. Banking and DTIs - paragraph 14A.9.8(a)  b. Insurance and Takaful - paragraph 14B.11.14(a)  c. MSB - paragraph, 14C.10.9(a)  d. NBIs - paragraph 14D.9.8(a)</p> <p>What is the expectation if the public listed company is identified to be wholly owned by a government linked company or a state owned company?</p>	<p>Under such circumstance, the exemption on <b>verification</b> of the identity of directors and shareholders of that legal person applies.</p> <p>Reporting institutions are required to <b>identify</b> and maintain information relating to the identity of the directors and shareholders of the public listed company using reliable sources (see the following paragraphs)</p> <p>a. Banking and DTIs - paragraph 14A.9.9  b. Insurance and Takaful - paragraph 14B.11.15  c. MSB - paragraph, 14C.10.10  d. NBIs - paragraph 14D.9.9</p>

NO.	QUESTION	ANSWER
<b>Standard CDD</b>		
24	<p>What is the expectation for reporting institutions in dealing with authorized persons?</p>	<p>A person authorized must be represented with a letter of authority or director's resolution from the legal person.</p> <p>Where it involves an authorized signatory, i.e. when a legal person opens an account, establishes business relations and authorizes another person to conduct transactions on its behalf, the reporting institution shall obtain documentary evidence pertaining to the appointment of such person and the specimen signatories and/or recognized digital signature of the person appointed.</p> <p>For treasury related transactions, the reporting institution shall obtain name of the authorized dealer, documentary evidence authorizing the person to act on behalf of the legal person and authorized telephone number to carry out the transaction.</p> <p>Reporting institutions must be guided by their risk assessment on what documentary evidence would suffice for the purposes of identifying and verifying the person authorized.</p> <p>For example, reporting institutions may consider whether a letter from human resource would be deemed sufficient for such purposes. In such cases, the letter should at the very least contain the name and NRIC number of the authorized person to facilitate identification purposes.</p> <p>Reporting institutions may also consider requesting the name and contact number of a personnel in the human resource department or other relevant department that may be contacted for verification purposes.</p>

NO.	QUESTION	ANSWER
25	<p><b>[Insurance &amp; Takaful]</b> Should insurance and takaful operators (ITOs) conduct CDD on each payor making payment for the policyholder?</p>	<p>ITOs should focus on the relationship between policyholders and payors and apply a risk-based approach when dealing with different payors.</p> <p>For example, if an ITO identifies that the payor is actually a family member of a policyholder, then the ITO may adopt simplified CDD if the risk posed by the payor is assessed as low.</p>
26	<p><b>[NBIs]</b> Should reporting institutions that carry out merchant acquiring activities conduct CDD on their merchants?</p>	<p>The Policy Document is currently not applicable to merchant acquiring activities. As such, reporting institutions are not obliged to conduct CDD on merchants.</p> <p>Nevertheless, should the merchant that is on-boarded also utilises e-money product/ services offered by the reporting institution, it is then regarded as a customer (legal person) of the reporting institution. As such, they may need to fulfil CDD requirements, in accordance with the relevant tiers. The classification of legal person or natural person is as per the definition in paragraph 6 of the Policy Document. However, Bank Negara Malaysia will conduct assessments from time to time on specific entities to identify associated ML/TF risks.</p>
<b>Specific CDD: CDD on E-Money / CDD for Non-Bank Issuers of E-Money</b>		
27	<p>In the case of refunds;</p> <p>a. Are refunds from the customer's e-money account into the customer's own bank account considered as a cash withdrawal transaction?</p> <p>b. Are reporting institutions expected to perform CDD on its customer in this scenario?</p>	<p>Cash withdrawals are transactions that provide customers access to cash, and hence do not include refunds to bank accounts.</p> <p>Notwithstanding the above, reporting institutions may conduct CDD and collect any information that they deem necessary, in accordance with their internal policies and procedures/ risk based approach.</p>

NO.	QUESTION	ANSWER
<b>Simplified CDD</b>		
28	Can the reporting institution's Board approval be obtained one-off for Simplified CDD?	<p>Yes, Board approval may be obtained one-off. For example, in the event where a reporting institution adopts the same Simplified CDD framework to a new product, a new approval is not required, subject to any changes to the ML/TF risk level of the parameters assessed by the reporting institution.</p> <p>Additionally, for MSB licensees, prior approval from BNM is required to implement simplified CDD.</p>
29	<p><b>[E-money]</b></p> <p>Can simplified CDD still apply if an e-money product is not able to limit or identify merchants which are local i.e. there are possibilities that the payments may be made to a foreign merchant?</p>	<p>No. For account limits between RM3,000 and RM4,999, simplified CDD can be applied only when <b>ALL</b> conditions in (a) to (e) are met i.e.</p> <ul style="list-style-type: none"> <li>(a) the monthly transaction is below RM5,000;</li> <li>(b) the annual transaction is below RM60,000;</li> <li>(c) the account is used for payments of goods and/or services within Malaysia only;</li> <li>(d) the account is used for domestic wire transfers; and</li> <li>(e) cash withdrawal or cross-border wire transfers are not permitted</li> </ul> <p>If any of the above conditions cannot be met, then standard CDD measures should apply.</p>
30	Can the linking of accounts be done with current / savings / payment card accounts not belonging to the customer?	<p>The linking of accounts is intended for the traceability of funds by way of identifying the source of funds channelled into the e-money account.</p> <p>However, reporting institutions may allow linking of accounts belonging to close associates/family members, e.g. spouse/parents, provided that reporting institutions conduct their own risk assessments and are satisfied that the risk is low.</p>

NO.	QUESTION	ANSWER
		<p>For example, the customer's e-money account (in this case is a child), is reloaded with savings / current / payment card account belonging to his / her mother for the child's school / monthly allowance purposes.</p>
31	<p><b>[NBIs]</b> Does leveraging on CDD conducted by other reporting institutions by way of linking of accounts (e-money account with either current /savings/payment card account), be considered as a verification method under Simplified CDD regime?</p>	<p>The Policy Document does not prescribe any specific verification methods, and instead stipulates principle-based requirement for the verification of customer identity, which applies for both Standard and Simplified CDD tiers.</p> <p>A reporting institution is required to verify customer's identity using reliable, independent documents, data or information, or a combination of several data points.</p> <p>The extent and mode of verification employed shall be determined by the reporting institution, provided it is commensurate with the ML/TF risks and the reporting institution is satisfied with the identity of the customer. Further, the reporting institution must be able to substantiate the same to supervisors.</p> <p>Examples of documents that may be used include any government issued identification card (e.g. MyKad, MyKid, MyPR, birth certificate), employee identification issued by ministries and statutory bodies, foreign passport or identification issued by the United Nations, utility bills, documents used by municipal council, etc.</p> <p>As such, leveraging on the CDD previously conducted by other reporting institutions, among others, may be the method determined by the reporting institution, provided that it is satisfied that the customer is indeed who he says he is and is able to justify the same to supervisors.</p>

NO.	QUESTION	ANSWER
		<p>However, when a reporting institution relies on a third party (i.e. another reporting institution) for CDD, requirements in paragraph 16 Policy Document shall be adhered to.</p>
<b>Enhanced CDD</b>		
32	<p>Do reporting institutions need to establish source of fund or source of wealth for every customer?</p>	<p>No. The requirement to obtain information on source of funds <b>and/or</b> source of wealth applies when overall ML/TF risks are assessed as higher risk. Reporting institutions are not expected to establish source of wealth for each and every customer or transaction.</p> <p>Generally, reporting institutions are required to enquire on source of funds and/or source of wealth, as part of the enhanced CDD under the following scenarios:</p> <ul style="list-style-type: none"> <li>a. subsequent to the conduct of customer risk profiling, when a customer is assessed as having higher ML/T risks, regardless of any amount of transaction;</li> <li>b. for all foreign politically exposed persons (PEPs) or when a domestic PEP is assessed as having higher ML/TF risks, in which case, both source of fund and wealth must be obtained; or</li> <li>c. when providing nominee services to the clients, i.e. nominee shareholding, directorship or partnership services, i.e. by reporting institutions who are lawyers, accountants, company secretaries or trust companies.</li> </ul>
33	<p>What is the difference between “<i>source of wealth</i>” and “<i>source of funds</i>”?</p>	<p>Information on the source of wealth and source of funds are good sources of monitoring for the reporting institutions.</p> <p>“<i>Source of wealth</i>” refers to the source of a person’s total assets. Documents and information that may reflect the source of wealth of a person include inheritance document, property title, copies of trust deeds, audited accounts, salary details, tax returns</p>

NO.	QUESTION	ANSWER
		<p>and bank statements. It may be possible to gather general information from commercial databases or other open sources.</p> <p><i>“Source of funds”</i>, on the other hand, refers to the origin of a specific asset used in connection to the business relations with the reporting institution, including amount invested, deposited or wired. Source of funds may be determined through enquiry on the customer, complemented by documents such as record of salary payments or receipt of sale proceeds, etc.</p> <p>In the case of PEPs, both information on the source of wealth and source of funds are to be obtained.</p> <p>Understanding both the source of wealth and source of funds of a PEP is also necessary for on-going due diligence purposes where the aim is to ensure that the reason for the business relationship between reporting institutions, and the PEP and the transactions undertaken on the PEP’s behalf, are commensurate with what one could reasonably expect from that PEP, given his/her particular circumstances.</p>
<b><i>Non Face-to-Face Business Relationship</i></b>		
34	Is Board approval required for each new product and services on-boarded via non face-to-face channel / e-KYC?	<p>The requirement for Board approval is connected to the risk levels of the product and services.</p> <p>If the process and procedures in place for the said products and services are the same, Board approval is only required once, for all product and services on-boarded via non face-to-face channel / e-KYC.</p> <p>A new approval would need to be obtained when there are changes to the ML/TF risk</p>

NO.	QUESTION	ANSWER
		level of the parameters assessed by the reporting institution.
35	Is it a requirement for non face-to-face business arrangements implemented prior to the effective date of the Policy Document to be approved by the Board of the reporting institutions?	<p>The requirements for non face-to-face (non-FTF) do not have a retrospective effect. For non-FTF business relationships, reporting institutions shall ensure their non-FTF arrangements for customer identification and verification of identity is are as effective as a face-to-face relationship.</p> <p>Should there be any changes to the ML/TF risk levels, reporting institutions need to re-assess the parameter and may require a new Board approval, and where applicable, prior written approval from the Director of the Money Services Business Regulation Department or Director of the Payments Oversight Department, Bank Negara Malaysia.</p>
36	<p><b>[Money Services Business]</b>            Besides using a bank account to make payments of remittance and money changing transactions performed using e-KYC, can such payments also be made through an e-wallet by a customer?</p>	<p>Yes, customers on-boarded through e-KYC are also allowed to make payments for remittance and money changing transactions using an e-wallet besides bank account. However, the reporting institution concerned is required to ensure that its customers fulfil the requirement of having a bank account in order to undertake such transactions.</p>
37	<p><b>[For Remittance Only]</b>            How does a reporting institution differentiate between customers on-boarded through e-KYC and over-the-counter to ensure remittance transactions conducted by them are in accordance with the specified transaction limits for outward remittances?</p>	<p>The reporting institution concerned must ensure that the system deployed is able to tag its customers based on the on-boarding methods and assign the transaction limits according to the respective customer groups i.e.</p> <p>a. Customers on-boarded through e-KYC:</p> <ul style="list-style-type: none"> <li>i. Not exceeding an aggregate amount of RM30,000 per day for an individual, including expatriate; and</li> <li>ii. Not exceeding an aggregate amount of RM5,000 per month for an individual who is a foreign worker</li> </ul>

NO.	QUESTION	ANSWER
		<p>b. Customers on-boarded over the counter: Not exceeding an aggregate amount of RM50,000 per day</p> <p>Notwithstanding this, a customer on-boarded through e-KYC is allowed to transact at a higher limit of RM50,000 per day, provided that proper face-to-face KYC has been conducted on the customer concerned.</p>
38	<p><b>[For Money-Changing Only]</b> Must CDD be performed by a reporting institution when on-boarding new customers using e-KYC for conducting money changing transactions below RM3,000 and between RM3,000 to RM10,000?</p>	<p>Yes, reporting institutions need to conduct specific CDD on all new customers who are on-boarded through e-KYC for money changing transactions below RM10,000. For money changing transactions above RM10,000, standard CDD measures shall apply.</p>
<b>Politically Exposed Persons (PEPs)</b>		
39	<p>What is the extent of checking required to ascertain information on close associates or family members of PEPs, as a basic internet search may not reveal the required information? Does Bank Negara Malaysia maintain a central database of PEPs?</p>	<p>Reporting institutions are encouraged to develop internal references or database in identifying family members or close associates of PEPs. Reporting institutions may also refer to public or commercial databases and supplement this with a customer's self-declaration.</p> <p>Bank Negara Malaysia does not maintain a central database on PEPs, family members and close associates of PEPs.</p>
40	<p>To what extent is the reporting institution to identify the connectivity to a PEP especially where the connection with close associate can be through multiple layers e.g. close associates of PEP opening joint accounts with another person(s), work colleagues, etc.?</p>	<p>The identification of the close associates should be on a best effort basis, based on information obtained and available to the reporting institutions and subject to the risk assessment of the reporting institution.</p> <p>In the case of personal relationships, this can be deduced based on the social, economic and cultural context which can determine the closeness of the relationship.</p>

NO.	QUESTION	ANSWER
<b>Reliance on Third Parties</b>		
41	Can reporting institutions rely on third parties to conduct CDD?	<p>Reporting institutions may rely on third parties for the conduct of CDD or to introduce business provided that the relationship between the reporting institution and the third party must be governed by an arrangement that clearly specifies the rights, responsibilities and expectations of all parties, as required under paragraph 16.5 of the Policy Document.</p> <p>Nevertheless, the conduct of CDD is the ultimate responsibility of the reporting institution, and must ensure that it is able to obtain the CDD information from the third party, immediately, upon request.</p> <p>Sharing of data is allowed strictly for CDD purposes and subject to prerequisites stated in the above paragraphs.</p> <p>Reporting institutions are to take note that ‘third parties’ in the context of paragraph 16 refers to another reporting institution supervised by a relevant authority e.g. Bank Negara Malaysia, Securities Commission, etc. It also does not include outsourcing or agency relationships because the outsourced service provider or agent would be regarded as synonymous with the reporting institution.</p>
42	What form of “ <i>attestation</i> ” is required from the third party under paragraph 16.6 of the Policy Document?	<p>The “<i>attestation</i>” can be in any form that is mutually agreed by both parties.</p> <p>The “<i>attestation</i>” should clearly specify the rights, responsibilities and expectations of all parties and satisfies the requirements stated under paragraph 16 of the Policy Document.</p>
<b>Higher Risk Countries</b>		
43	How should reporting institutions deal with higher risk countries?	Paragraph 17 of the Policy Document deals with higher risk countries that is called for by the FATF or by the Government of Malaysia

NO.	QUESTION	ANSWER
		<p>as well as other jurisdictions that have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF.</p> <p>This includes conducting enhanced CDD and applying effective countermeasures, when required.</p> <p>For further details on dealing with higher risk countries, please see Appendix A.</p> <p>Reporting institutions should refer to the FATF website for the latest list of higher risk countries or the latest circular issued by Bank Negara Malaysia and any change in that requirements at: <a href="https://amlcft.bnm.gov.my">https://amlcft.bnm.gov.my</a></p>
44	Where can reporting institutions source for a list of higher risk countries issued by the Government of Malaysia?	<p>Bank Negara Malaysia will publish any higher risk countries that have been officially specified by the Government of Malaysia, by way of circular.</p> <p>Such specification has yet to be made at the date of the publication of this FAQ.</p>
<b>Money or Value Transfer Services (MVTS)</b>		
45	Does international airtime transfer fall under the requirements of MVTS?	<p>No. The definition provided under paragraph 6 of the Policy Document, provides that MVTS refers to <b>financial services</b> that involve the acceptance of cash, cheques, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other forms to a beneficiary by means of communication, message, transfer, or to a clearing network to which the MVTS provider belongs.</p> <p>Transactions performed by such services can involve one or more intermediaries and a final payment to a third party, and may include any new payment methods.</p>

NO.	QUESTION	ANSWER
<b>Wire Transfers</b>		
46	<p>What is the required information for cross-border wire transfers for each institution (ordering institutions, intermediary institutions and beneficiary institutions)?</p>	<p>For cross-border wire transfers amounting to RM3,000 and above, the ordering institutions are required to obtain the originators' name, account number (or a unique reference number), address or date and place of birth as well as beneficiary's name and account number (or a unique reference number).</p> <p>Whereas, for cross-border wire transfers below RM3,000, the ordering institutions are required to obtain the originators' name and account number (or a unique reference number) as well as beneficiary's name and account number (or a unique reference number). Meanwhile, intermediary institutions are expected to retain all the required originator and beneficiary information that accompanies a wire transfer.</p> <p>The beneficiary institutions are then required to identify cross-border wire transfers that lack the required originator information or required beneficiary information. For cross-border wire transfers of an amount equivalent to RM3,000 and above, beneficiary institutions are required to verify the identity of the beneficiary, if the identity has not been previously verified, and maintain this information in accordance with record keeping requirements.</p> <p>For further details on the above, please see Appendix B.</p>
<b>Cash Threshold Report (CTR)</b>		
47	<p>Are all reporting institutions under the AMLA required to submit CTRs?</p>	<p>Currently, CTR obligation of RM25,000 and above in a day, pursuant to section 14(1)(a) of the AMLA, is applicable only to banking institutions, selected prescribed development financial institutions, Lembaga Tabung Haji and licensed casino.</p>

NO.	QUESTION	ANSWER
		Bank Negara Malaysia will continue to conduct assessments on reporting institutions from time to time. Reporting institutions will be notified if the CTR obligation becomes applicable to them.
48	<p><b>[Banking and DTIs]</b>                      Must reporting institutions submit a CTR for products offered as agent for other organisation/agencies, such as Tabung Haji or ASNB transactions?</p>	<p>No. As transactions involving agent product/services are captured directly into the respective organisation or agencies' systems (this will include CTR obligations if they are a reporting institution with CTR obligations invoked), there is no requirement to capture these transactions for CTR reporting.</p> <p>Notwithstanding the above, it is pertinent to capture cash transactions and report CTR in instances whereby customer withdraws or deposits funds into their current and/or savings account should the amount be RM25,000 and above.</p>
<p><b>Suspicious Transaction Report (STR)</b></p>		
<p><b>Reporting Mechanisms</b></p>		
49	Should reporting institutions continue to submit STRs for the same customer or should reporting institutions update the details in the previous STR case filed?	<p>As per paragraph 22.2.10 of the Policy Document, where an STR has been lodged, reporting institutions may opt to update or make a fresh STR as and when a new suspicion arises.</p> <p>Reporting institutions are encouraged to submit a new STR if there is new critical information. Where a new STR is submitted, reporting institutions should include the previous reference number as part of the reporting description.</p>
<p><b>Internally Generated Suspicious Transaction Reports</b></p>		
50	What is the duration that reporting institutions are to maintain the internally generated reports and supporting documents?	These reports and supporting documents are to be kept for at least 6 years, as specified under Record Keeping in paragraph 24.3 of the Policy Document.

NO.	QUESTION	ANSWER
<b>Disclosure of STR, CTR and Related Information</b>		
51	<p>Who can be allowed access to contents of STRs? Can a regulatory body such as Securities Commission or an internal auditor of a reporting institution review the quality of STRs submitted through FINS?</p>	<p>While section 14A of the AMLA provides a general prohibition on the disclosure of STRs and related information, sections 14A(3)(a) to (d) allows for disclosure in certain circumstances.</p> <p>Section 14A(3)(a) of the AMLA allows for disclosure of the STRs/CTRs if it is made in the course of 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).</p> <p>It would be up to the assessment of the respective reporting institution whether such disclosure to the internal audit is warranted based on the above exemption provided under the AMLA.</p> <p>Internal auditors are allowed to conduct testing on the parameters of reporting under section 14(1) of the AMLA and whether such parameters are able to ensure that the reports which should be submitted to Bank Negara Malaysia (the competent authority) are indeed submitted.</p> <p>However, reporting institutions are to note that if the appointed auditor is from an entity outside of Malaysia, written authorization for disclosure of CTR/STR and related information is to be obtained from FIED, BNM.</p> <p>Whereas section 14A(3)(c) of the AMLA allows such disclosure if it is made as part of performing his/her duty as a director, officer or employee of a reporting institution to the supervisory authority of the reporting institution. As such, Securities Commission is allowed to have access to the STR information</p>

NO.	QUESTION	ANSWER
		<p>so long as the requirements of section 14A(3)(c) is met.</p> <p>Reporting institutions should have in place appropriate controls in order to safeguard the confidentiality of the STRs in any of the permitted circumstances for disclosure.</p>
52	<p>Can reporting institutions report CTR to a parent company located overseas?</p>	<p>Reporting institutions are prohibited from disclosing any suspicious transaction report and cash threshold report, as well as any information related to these reports, in accordance with section 14A of the AMLA.</p> <p>However, the prohibition under the above does not apply where the exceptions under section 14A(3)(d) of the AMLA apply. Reporting institutions may apply for a written authorisation from Bank Negara Malaysia to share CTR or information related to CTR with their parent company located overseas.</p>
<b>Record Keeping</b>		
53	<p>Is record keeping requirement applicable to attempted customer?</p>	<p>The record keeping requirement is only for existing customers who have entered into a business relationship with reporting institutions, and not applicable on attempted customers.</p> <p>However, if an STR has been submitted on an attempted transaction/ customer, the relevant records must be kept and be made available if required by law enforcement agencies or the supervisory or competent authorities.</p>
54	<p>Where documents are kept in multiple different forms (e.g. physical copies or in electronic format), what is the expectation on the requirements?</p>	<p>Reporting institutions must ensure that all the retained forms of record keeping remain relevant and are kept up-to-date.</p>

NO.	QUESTION	ANSWER
<b>Enforcement Orders</b>		
55	What is deemed to be a “ <i>reasonable time frame</i> ” as specified in paragraph 26.1 of the Policy Document?	The reasonable time frame is to be mutually agreed between the Investigating Officer (IO) and the reporting institution. Constant engagement between both parties is highly recommended.
56	Can a reporting institution return frozen funds under a freezing order pursuant to section 44 of the AMLA?	<p>Funds are to remain frozen so long as the enforcement order under the AMLA is still valid (i.e. 90 days from the date of the freezing order).</p> <p>No dealings with the funds are allowed, unless authorized by the IO of the relevant law enforcement agency. Reporting institutions are advised to constantly communicate with IO on this matter.</p>
57	For seizure of movable property in financial institutions under Section 50 of Part VI of the AMLA, are reporting institutions allowed to inform the customer that his/her account has been seized due to the direction from the law enforcement agency?	In practice, the Seizure Order under section 50(1) of the AMLA is also copied to the customer by the IO from the relevant law enforcement agency.
<b>Targeted Financial Sanctions</b>		
<b>Definition</b>		
58	What is the definition of “ <i>without delay</i> ”?	<p>“<i>Without delay</i>”, in respect of maintenance of sanctions list and freezing, blocking and rejecting is ideally within a matter of hours of designation by the United Nations Security Council (UNSC) or its relevant Sanctions Committee. The aim is to prevent the flight or dissipation of funds or other assets which are linked to terrorists, terrorist activities, financing of terrorism or financing of proliferation of weapons of mass destruction.</p> <p>Reporting institutions are expected to be updated on any changes in the UNSC or its relevant Sanctions Committee sanctions list</p>

NO.	QUESTION	ANSWER
		<p>and are accountable to ensure their sanction database is up-to-date and comprehensive.</p> <p>Bank Negara Malaysia will assist in ensuring information is communicated as soon as practicable.</p>
<b>Maintenance of Sanctions List</b>		
59	Where can reporting institutions obtain the Domestic List i.e. the list of specified individuals and entities under the relevant subsidiary legislation made under section 66B(1) of the AMLA?	<p>The list of all specified individuals and entities specified under the relevant subsidiary legislations made under section 66B(1) of the AMLA are published in the <i>Gazette</i>. Reporting institutions may refer to the following website for the list:  <a href="http://www.federalgazette.agc.gov.my">http://www.federalgazette.agc.gov.my</a></p> <p>Reporting institutions may also refer to the Ministry of Home Affairs' website for the Domestic List.</p> <p>Reporting institutions are to be aware that the subsidiary legislation issued under section 66B(1) of the AMLA usually amends the previous subsidiary legislation.</p>
60	How often does the UNSCR Lists and Domestic List get updated and how would the reporting institutions know when there is an update?	<p>Reporting institutions are required to keep updated with the UNSCR Lists and Domestic List, which is updated without any specific intervals.</p> <p>In this regard, reporting institutions shall refer the UNSCR and Ministry of Home Affairs' website regularly to ensure the lists maintained remain updated and relevant.</p> <p>Bank Negara Malaysia will assist in ensuring information is communicated as soon as practicable.</p>
61	Does the delisting of individuals and entities from UNSCR list automatically remove them from the Domestic List?	<p>No. Removal from UNSCR list does not automatically mean that the entities are removed from the Domestic List. The delisting will only take effect upon publication of the <i>Gazette</i> to declare the removal of such</p>

NO.	QUESTION	ANSWER
		specified entities through the relevant subsidiary legislation issued by the Minister of Home Affairs.
<b>Sanctions Screening - Customers</b>		
62	<p><b>[Banking and DTIs]</b> Is sanctions screening required for over-the-counter transactions, where the reporting institution is acting as an agent of a statutory body or Ministry?</p>	<p>Where the reporting institution acts as an agent for a statutory body or Ministry, the respective reporting institution and the statutory body or Ministry should have a clear understanding as to the role of each institution during on-boarding and ongoing business relationships.</p> <p>Reporting institutions in their agent capacity should conduct CDD and sanctions screening, for example, at the point of establishing business relationship (e.g. opening of account), as the requirement to conduct sanction screening under Section 66B(3) of the AMLA applies to all entities, whether dealing directly or indirectly with a sanctioned entity/person.</p>
63	<p><b>[Banking and DTIs]</b> Is sanctions screening a requirement for customers who undertake “<i>statutory obligation</i>” payments such as contributions to EPF, SOCSO, AKPK, LHDN, etc. over the banking counter?</p>	<p>Sanctions screening is applicable to every citizen of Malaysia and every body corporate in Malaysia. As such, sanctions screening shall also be done on any individuals who undertake “<i>statutory obligation</i>” transactions i.e. contributions to statutory bodies such as EPF, SOCSO, AKPK or LHDN.</p>
64	<p>For customers that are legal persons, are reporting institutions required to screen every director, every shareholder, nominee and also every company name against the UNSCR Lists and Domestic List?</p>	<p>Reporting institutions are required to conduct sanctions screening on existing, potential or new customers against the UNSCR Lists and Domestic List which state names and particulars of specified / designated entities as declared by the UNSC or Minister of Home Affairs, as part of the customer due diligence process and on-going due diligence.</p> <p>For customers which are legal persons, reporting institutions are required to screen the name of the customer, i.e. among others but not limited to, companies, bodies</p>

NO.	QUESTION	ANSWER
		<p>corporate, foundations, partnerships, or associations and other similar entities, as well as the beneficial owners, i.e. directors, shareholders including nominees, against the sanctions lists.</p>
65	<p>In conducting sanctions screening, reporting institutions may perform name searches based on a set of possible permutations. What does this refer to?</p>	<p>This refers to various ways of conducting search against the UNSCR Lists and Domestic List, for example, varying sequence and order of keywords of a name or the use of different spelling of a name, to prevent unintended omissions.</p> <p>Further, to eliminate false positives, reporting institutions may make enquiries for additional information and identification documents from the customer or credible sources to assist in determining whether the potential match is a true match or may direct any query to FIED, BNM, in the case of similar or common names.</p>
<b>Dealing with False Positives</b>		
66	<p>Must reporting institutions match all identifiers for parameters of a true match or could matching at least 2 of the identifiers be sufficient?</p>	<p>Reporting institutions are required to ascertain that potential matches are true matches and not false positives. It is the reporting institution's responsibility to take further measures or steps (e.g. make further inquiries for additional information, etc.) to determine whether the potential match is a true match.</p> <p>Reporting institutions are to ensure that the identifiers are strong and corroborative for the reporting institution to make their own assessment on the parameters used to ensure true matches.</p>
<b>Related Parties</b>		
67	<p>Who would fall under the definition of "related parties"?</p>	<p>Related party refers to:</p> <ol style="list-style-type: none"> <li>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</li> </ol>

NO.	QUESTION	ANSWER
		<p>b. a person acting on behalf or at the direction of a designated person.</p> <p>Based on the above, it may extend to shareholders, directors, authorized person, senior management and also the beneficial owner.</p>
68	<p>If the customer listed in the targeted financial sanction lists is a signatory to a company who maintains account with the financial institution, does the financial institution need to also declare details of other signatories and directors of the said company?</p>	<p>Yes, they should be declared as related parties. The reporting institution is to further assess the accounts and transactions and may also consider submitting an STR if such is warranted.</p>
<b>Freezing, Blocking and Rejecting – Customers and Related Parties</b>		
69	<p>Do reporting institutions have to freeze the account if the specified entity is the director/signatory of the company?</p>	<p>Yes. The company account needs to be frozen, if, from the reporting institution's assessment, the specified entity is considered to own or control, directly or indirectly, the company and/or the funds in question.</p> <p>In making this assessment, reporting institutions should analyse the specified entity's role and conduct as the signatory and other involvement in the company to ascertain that there is no indirect control or ownership.</p>
70	<p>In relation to targeted financial sanctions, are reporting institutions allowed to inform the customer why their accounts or transactions have been frozen, blocked or rejected?</p>	<p>Reporting institutions are only allowed to inform the customer on the reason why the account or transaction has been frozen, blocked or rejected for publicly listed names e.g. under the <i>Gazette Orders</i>, UNSCR Lists, etc.</p>
71	<p>How long must reporting institutions continue freezing funds (and reporting) of specified entities?</p>	<p>Freezing of funds and periodic reporting must continue until the specified entities are delisted.</p>
72	<p>What type of transactions or accounts are to be frozen, blocked or rejected?</p>	<p>Freezing, blocking or rejecting funds must be applied to all transactions including RENTAS and GIRO transactions and to all accounts including joint accounts.</p>

NO.	QUESTION	ANSWER
		<p>However, loan accounts should not be frozen, as it must continue to be serviced.</p>
73	<p>In the event of a name match after funds have been deposited into the reporting institution's account, how are such funds to be treated?</p>	<p>Reporting institutions are required to hold / freeze funds deposited by a listed individual/entity into its account until its delisting or the sanction is uplifted.</p>
74	<p>Is there any need for the reporting institution to freeze a loan account, for example, a hire purchase account if the guarantor is a match against the sanction lists?</p>	<p>A loan account and in this example, as a hire purchase account is a loan account, it should not be frozen. However, when the repayment is completed, the property or vehicle must not be redeemed, transferred or sold.</p> <p>The reporting institution is required to establish the relationship of the specified entity as the guarantor of the vehicle loan, i.e. whether the specified entity is in possession or control of the property when repayment is completed and subsequent redemption of the vehicle.</p>
75	<p>Can reporting institutions transfer any funds from a frozen account to the Registrar of Unclaimed Moneys under the Unclaimed Moneys Act 1965?</p>	<p>Funds are to remain frozen as long as the specified entities remained listed. No dealing with the funds is allowed, which includes the transfer of funds to the Registrar of Unclaimed Moneys.</p>
76	<p>Can reporting institutions decide to freeze, block or reject any positive matches with individuals or entities listed in other unilateral sanctions lists?</p>	<p>In relation to unilateral sanctions list such as those by the US Department of Treasury, the decision whether to freeze, block, reject or conduct transaction with persons listed under the unilateral list should be based on the reporting institution's own assessment and its risk appetite.</p> <p>Reporting institutions may consider submitting STR on any positive name match with individuals or entities listed in other unilateral sanctions list.</p>

NO.	QUESTION	ANSWER
<b>Allowable Transactions</b>		
77	Can reporting institutions deduct any funds e.g. administrative charges, maintenance fees from the frozen funds? What other payments are permissible?	<p>All allowable transactions require reporting institution to make an application to the Ministry of Home Affairs for any property belonging to specified entities under section 66B of the AMLA or the Strategic Trade Controller for specified entities under the Strategic Trade Act 2010.</p> <p>Funds or payments that may be considered includes the following:</p> <ul style="list-style-type: none"> <li>a. fees or service charges for routine holding or maintenance of frozen funds;</li> <li>b. payments for medical purposes under an insurance policy / takaful certificate;</li> <li>c. payment of insurance premiums;</li> <li>d. payment of taxes;</li> <li>e. public utility charges (e.g. Tenaga Nasional);</li> <li>f. payment of reasonable professional fees; and</li> <li>g. payment for rent or mortgage.</li> </ul>
78	Are reporting institutions permitted to receive payments for any outstanding loans or other credit facilities into the loan/ credit accounts of the specified entities?	<p>Yes. Reporting institutions are permitted to receive payments into the specified entities credit or loan accounts. However, should the payment be for the purchase of assets, the assets should remain frozen even after the full settlement of the financing facilities i.e. no transfer of ownership to the specified entity or a third party.</p> <p>In the event of any non-payment of loans, the reporting institution shall not proceed with property foreclosure or any subsequent court process without prior application to, and approval by:</p> <ul style="list-style-type: none"> <li>a. the Minister of Home Affairs for Domestic List and UNSCR Lists for terrorism financing; or</li> </ul>

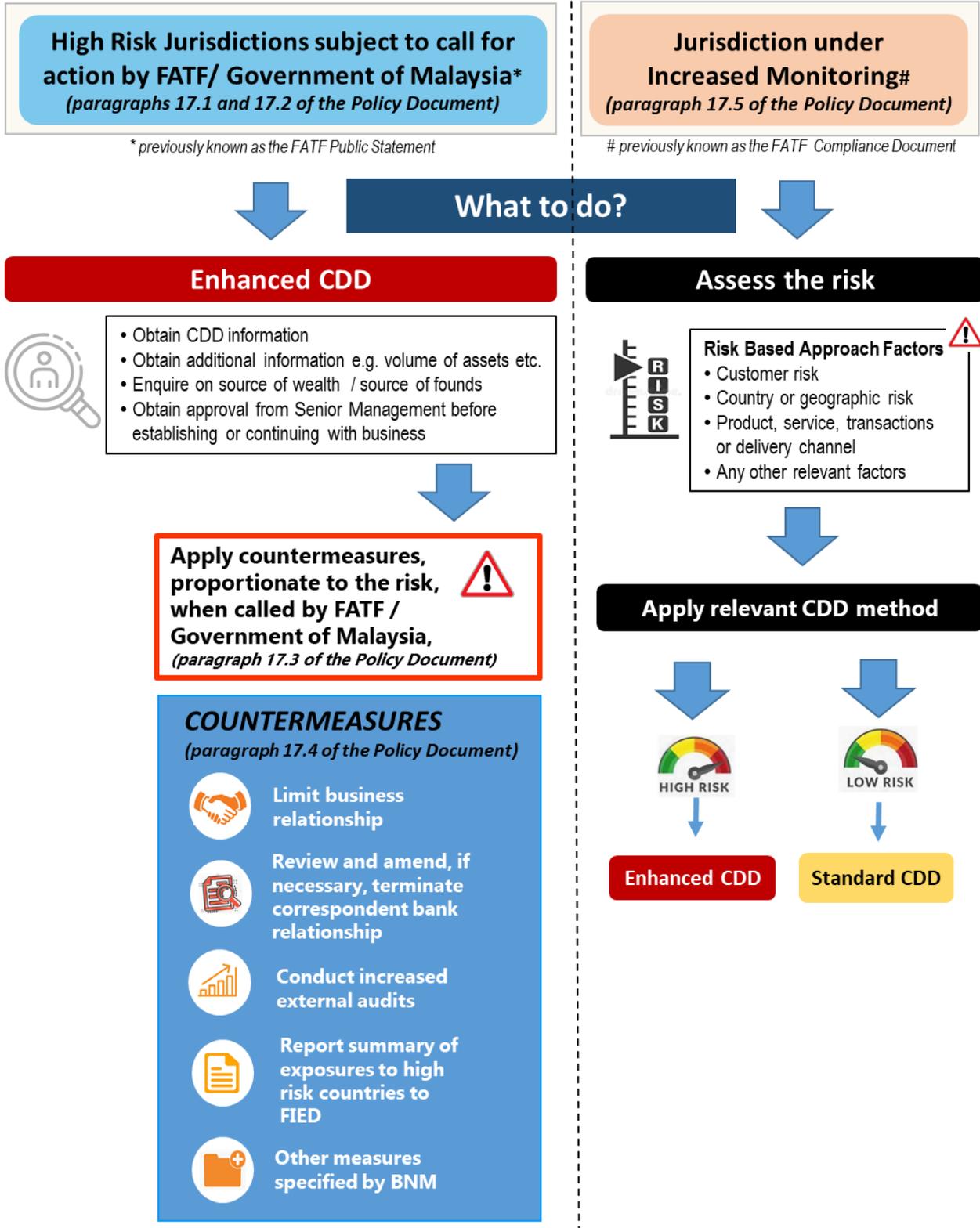
NO.	QUESTION	ANSWER
		b. the Strategic Trade Controller for UNSCR Lists for proliferation financing and others sanctions regime.
79	Can reporting institutions close any account where loans are not serviced or non-payment of premium for the case of insurance?	Reporting institutions may close any account where loans are not serviced or terminate any policy for non-payment of premium, <b>only upon approval</b> from: (a) the Minister of Home Affairs for Domestic List and UNSCR Lists for terrorism financing; or (b) the Strategic Trade Controller for UNSCR Lists for proliferation financing and others sanctions regime.
<b>Reporting on Positive Name Match</b>		
80	In the event of a positive match, are reporting institutions required to submit STR to FIED, BNM in addition to the submission of a TFS determination report?	Yes. Submission of STR is still required in addition to submission of the TFS determination report. The STR should contain further information beyond the information reported in the TFS determination report, for example, details of related transactions or parties.
81	If there are no name matches with the specified entity or designated person, is a reporting institution still required to submit the determination and periodic reporting forms?	No, reporting institutions are required to only submit determination or periodic reporting for positive name matches (i.e. when there is a hit).  For periodic reporting, the report is to be submitted at every six months interval period as per the forms in Appendix 8b of the Policy Document. The completed form may be submitted via email to: <a href="mailto:amlsanctions@bnm.gov.my">amlsanctions@bnm.gov.my</a>
82	Must the second joint account holder, whose name is not listed in the sanction lists, be reported? If the answer is yes, must the reporting institution declare any relationship that the second joint account holder may have with the reporting institution?	Yes. Reporting institutions are required to fill in the form in the “ <i>related parties</i> ” column in the case of supervisory reporting.  In addition, reporting institutions should assess and analyse the related parties’ transactions vis-à-vis specified entities. Should the reporting institution assess the relationship between the second joint account

NO.	QUESTION	ANSWER
		holder with the specified entities as suspicious, the reporting institution must consider submitting a STR to FIED, BNM.
<b>Reporting of Suspicious Transaction</b>		
83	<p><b>[Banking and DTIs, Insurance and Takaful]</b></p> <p>Does the requirement to submit STRs extend to foreign branches and subsidiaries in relation to domestic list?</p>	<p>Reporting institutions and financial groups are required to ensure that their foreign branches and subsidiaries apply AML/CFT and TFS requirements in a manner that is consistent with the AML/CFT and TFS requirements in Malaysia, to the extent that such is permitted by the laws and regulations of the host country.</p> <p>As such, reporting institutions need to assess the requirements applicable to the foreign branches and subsidiaries on the need for reporting STRs in the host country.</p> <p>Reporting institutions need to assess whether the home country domestic listing is a factor for STR submission. Reporting institutions' foreign branches should also consider submitting a STR to FIED, BNM, to the extent that such is permitted by the laws and regulations of the host country.</p>
<b>Other Reporting Obligations</b>		
84	<p>What is the submission date of the following to Bank Negara Malaysia?</p> <p>a. Annual Summary Report on Exposure to Customers and Beneficial Owners from High Risk Countries”</p> <p>b. Quarterly Statistics on Orders Issued by Law Enforcement Agencies</p>	<p>Bank Negara Malaysia will issue an annual notification via FINS, indicating the submission date of the reports by relevant reporting institutions.</p>

# APPENDIX A

# How to deal with Higher Risk Countries?

Details are in paragraph 17 of the Policy Document.  
 Refer to the latest BNM circular for the latest listing and/ or FATF website (<http://www.fatf-gafi.org>)



## **APPENDIX B**

## What are the specific information required for cross-border wire transfers amounting to RM3,000 and above for each institution

1

### Ordering Institutions

Obtaining the following Originator & Beneficiary information



Name



Account number  
(or unique  
reference number)



Originator's  
Address or date  
and place of birth



**Note:** For cross-border wire transfers below RM3,000, only originator's name and account number (or unique reference number) are required

### Intermediary Institutions

2



To retain all the required originator and beneficiary information that accompanies a wire transfer.

3

### Beneficiary Institutions



Verify the identity of the beneficiary, if it has not has been verified, and keep record of the information



Take reasonable measures to identify wire transfers that lack required originator/beneficiary information

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