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AFSA has made amendments to the AIFC Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Rules (the Rules) to increase adherence of the AIFC AML/CFT framework to Recommendations of the Financial Action Task Force (FATF).

The amendments to the Rules cover the following areas:

Regulatory and supervisory powers. Regulatory and supervisory powers of the AFSA in respect of Designated Non-Financial Business and Professions (DNFBPs) are more clearly defined. The AFSA ensures compliance of the relevant AIFC Participants with this regime that addresses requirements regarding Anti-Money Laundering, Counter-Terrorist Financing, and the proliferation of weapons of mass destruction. (AML/CFT) responsibilities by using its various regulatory powers including by conducting reviews and inspections. It is also clarified that the AFSA may impose disciplinary sanctions and other actions if AML Rules are contravened.

Risk-based approach. The proposed amendments considerably expand the responsibility of Relevant Persons in a risk-proportionate manner. Thus, Relevant Persons will be responsible for managing and mitigating country-wide risks identified in the published reports and guidance given by the financial intelligence unit regarding the FATF mutual evaluations and follow-up reports and implementing enhanced measures where higher risks are identified. It is also proposed to explicitly require firms to manage and mitigate risks they identify during their risk assessment

Customer due diligence (CDD). The proposed amendments specifically underline the need to conduct CDD for occasional transactions the value of which singularly or in several linked operations (whether at the time or later), equal or exceed \$15,000. In addition to conducting CDD it is required to conduct Enhanced Due Diligence when there are business relationships and transactions with persons from countries with high geographical risk factors.

Obligations to verify the identity of the customer and its Beneficial Owner (BO) have been explicitly stressed.

Politically Exposed Person (PEP). Relevant Persons are obliged to obtain an approval from their senior management to continue its business relationship with an existing customer if the customer or its BO becomes a PEP. For these purposes a new guidance is introduced explaining who is to be considered as senior management under the AML Rules.

Reliance and outsourcing. The responsibility of Relevant Persons for reliance' compliance was expanded. It was specified that Relevant Persons must ensure that the third party has an existing business relationship with the customer and that relationship is independent from the relationship to be formed by the customer with the Relevant Person.

To make the reliance coherent with the FATF Recommendations the set of documents and data that Relevant Persons should obtain from the third party was extended. Client and BO identification and verification documents, as well as the information on the nature and purpose of the business relationship have been included.

As to reliance on a Group member, the Group's AML policies must adequately mitigate any high geographical risk factors.

Wire Transfers. The Wire Transfer Chapter has been extensively amended by introducing two thresholds (below and above \$1,000) for cross-border and domestic transactions and defining obligations of Authorised Persons when executing wire transfers which are above or below the introduced thresholds.

Thus, Authorised Persons must ensure that cross-border and domestic wire transfers contain specific details of the payer and payee (such as identification documents, individual identification numbers, addresses, etc), i.e., the information that allows traceability of the transaction.

There are also provisions introduced regulating operations of money or value transfer services (MVTs) operators. Giving that under the AIFC Law only legal entities can obtain license allowing provision of money or value transfer services it is clearly stipulated that natural persons cannot be persons carrying out MVTs.

Sanctions. It is explicitly stated that Relevant Persons must comply with prohibitions from conducting transactions with designated persons and entities in accordance with the obligations set out in the relevant resolutions of the United Nations Security Council and Republic of Kazakhstan.

It is also stressed that Relevant Persons should be able to independently apply countermeasures that are effective, appropriate and proportionate to the risks whether or not they are called upon to do so.

MLRO and suspicious transactions. Obligations for Relevant Persons to register with the Financial Intelligence Unit of the Republic of Kazakhstan (FIU) for submitting Suspicious Transactions Report (STRs) and Threshold Transactions Reports (TTRs) before commencement of the business relationships are introduced. When a STR is submitted, the AFSA must be notified of such a submission.

The time for submission of the annual AML Return form has been changed. A Relevant Person must complete and submit the form within 2 months after the end of each year instead of 4 months period.

In respect of STR filing it was also clearly stated that Relevant Persons must not disclose information contained in a STR or the fact that a STR may be or has been filed with the FIU or a suspicious transaction is being investigated.

Group policies. Relevant Persons have a new requirement on the policies and procedures content and information sharing between Group entities.

A Relevant Person which is part of a Group must ensure that its branches and majority-owned subsidiaries in host countries implement the requirements of the AIFC, to the extent that host country laws and regulations permit. If the host country does not permit the proper implementation of the measures above, financial groups should apply appropriate additional measures to manage the money laundering risks and inform the AFSA of such measures.

Protection for disclosure. In respect of the protection of the persons who file STRs it is clearly stated now that those who file STRs are not subject to any civil liability or criminal prosecution under the Kazakhstan law resulting from the submission of the STR.

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