



Our Reference :

SULIT

28 April 2020

To:

All reporting institutions under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA) which have been specified by Bank Negara Malaysia (BNM) to be subjected to the Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Financial Institutions, Designated Non-Financial Businesses and Professions (DNFBPs) and Non-Bank Financial Institutions (NBFIs)

Tuan/Puan,

Regulatory Expectation on Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Measures during the COVID-19 Pandemic and Frequently Asked Questions (FAQs) on AML/CFT related matters

We respectfully refer to the above matter. BNM acknowledges that COVID-19 poses unprecedented challenges, which could potentially impact the normal operations of the AML/CFT policies and processes of reporting institutions (RIs).

2. We wish to reiterate that RIs are required to continuously ensure that the relevant systems and controls in place are proportionate to the nature, scale and complexity of the RIs' activities and the customer's ML/TF risk profile. This is to ensure that RIs remain vigilant to emerging ML/TF risks during this period and continue to effectively mitigate these risks through detecting and reporting suspicious transactions to FIED.

3. Meanwhile, we wish to highlight that the revised AML/CFT/TFS policy documents which came into force on 1 January 2020 have accorded flexibilities to RIs in undertaking a risk-based approach to customer due diligence (CDD) such as simplified CDD for low risk products/customers and principle-based requirements on verification of the RIs customers. Further, guidance on non-face-to-face (non-FTF) business relationships have been expanded to enable digitalisation of financial services. We believe that these measures facilitate compliance by the RIs during these challenging times.

4. As such, BNM would like to reiterate the following:
- (a) RIs have the discretion to conduct simplified CDD, depending on the money laundering and terrorism financing risk assessment;
 - (b) For customer identity verification purpose, RIs may accept reliable, independent source documents, data or information such as electronic data. RIs may also establish non-FTF business relationships with their customers via electronic means, which include mobile channel and online channel; and
 - (c) In relation to the compliance reporting requirements (such as cash threshold report, suspicious transaction report and other periodic reporting obligations) or any other compliance challenges that may be encountered by RIs, BNM will be dealing with this on a case-to-case basis upon receiving written application from the respective RIs.

5. In the light of the evolving situation, BNM will continue to provide updates to RIs, if any, and to address practical AML/CFT issues that may be related to COVID-19. Attached are some Frequently Asked Questions (FAQs) in relation to the implementation of AML/CFT measures during the Covid-19 Pandemic for your information, please.

Yang benar,



(Mohd Fuad Arshad)
Pengarah
Jabatan Perisikan Kewangan dan
Penguatkuasaan

APPENDIX III

FAQs for DNFBPs and NBFIs on AML/CFT-Related Matters

Reference: Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for DNFBPs and NBFIs issued on 31 December 2019 (AML/CFT and TFS for DNFBPs and NBFIs)

(DNFBPs and NBFi Sectors)

No	Question	Answer
A. Reporting Institutions Supporting Essential Financial Services		
1.	My company is one of reporting institutions under the AMLA, providing critical support to the essential services of a financial institution, that cannot be performed remotely. How does my business operate during the MCO?	<p>All financial institutions have been informed to seek BNM's approval for the relevant third-party providers supporting the provisions of its essential services to operate, subject to fulfilment of conditions imposed by BNM.</p> <p>Hence, the affected financial institution needs to contact BNM to seek approval for your firm to continue operations at a minimum capacity together with fulfilment of specific strict conditions.</p>
B. Risk-based Approach through Remote Operation		
2.	My firm is providing services remotely to new and existing clients during the MCO, how should I comply with the AML/CFT requirements?	<p>In ensuring the ML/TF risks pose to your business operations are mitigated effectively and efficiently while considering all circumstances that affect normal operations of your firm, you are required to undertake risk-based approach in applying the AML/CFT measures for customers or transactions of different risk levels. Please be guided by the AML/CFT and TFS for DNFBPs and NBFIs on implementation of AML/CFT requirements relevant to your business.</p> <p>http://amlcft.bnm.gov.my/publication/AML_CFT_TFS_PD_for_DNFBPs_and_NBFIs.pdf</p> <p><u>Guidance on implementation of CDD measures</u></p> <p>For example, your business may face with restriction to sight original/ certified true copies of documents for verification purpose due to the MCO. You may accept scanned or copy documentation and apply additional measures, upon making assessments on the adequacy of such measures to mitigate risk and subject to compliance with other relevant legislative/</p>

No	Question	Answer
		<p>regulatory requirements. Additional measures may include:</p> <ul style="list-style-type: none"> (i) corroborative evidence from National Registration Department (NRD) and SSM; (ii) video conference with customers and submission of selfies to compare the physical identity of a customer with scanned or photographed copies of identification documents; (iii) use of commercial providers to validate the information provided; (iv) use of robust technology solutions including but not limited to, biometric technologies; and/or (v) other reliable and independent source. <p>Video conferencing or other similar approach for verification should apply the same principle as non-face-to-face (non-FTF).</p> <p>Nonetheless, reporting institution is expected to undertake adequate and reasonable measures to mitigate risks arising from the adoption of any non-FTF mechanism. Reporting institutions are required to obtain Board's approval prior to the implementation of non-FTF business relationships, as required by para 14.14.2 of the AML/CFT and TFS for DNFBPs and NBFIs. During the MCO period, Board's approval can be obtained via circulation.</p> <p>Depending on the verification measures and strategy adopted by reporting institutions based on the assessed risks. If the event assessed as of higher risk, the completion of full CDD process after the MCO must be undertaken.</p> <p>In addition, to address any practical challenges and support effectively implementation of AML/CFT measures by the DNFBPs sectors during this period, please contact BNM via fied@bnm.gov.my for any queries regarding implementation of AML/CFT requirements.</p>
C. Supervisory Expectations		
3.	What is BNM's supervisory approach on DNFBPs sectors during the MCO period?	BNM will undertake more pragmatic AML/CFT supervisory activities on

No	Question	Answer
		<p>DNFBPs sectors, adjusted based on the developments of the current situation.</p> <p>In this regard, supervisors will consider all circumstances and provide reasonable flexibility when requiring the reporting institutions to comply with specific supervisory expectations, including scheduled examinations, post examination reporting and request for information via simplified Data and Compliance Report (DCR).</p> <p>For scheduled examinations related activities, supervisors will engage the affected reporting institutions individually to communicate supervisory expectations and flexibilities provided.</p> <p>For post examination gap rectification plan, the affected reporting institution may seek Board approval via circulation.</p> <p>For submission of simplified DCR, all reporting institutions will be given sufficient time to revert on the reporting obligation. Notwithstanding, we welcome any submission before the deadline provided if the RIs are able to do so.</p>
D. Submission of Suspicious Transactions Report (STR) and Cash Threshold Report (CTR)		
4.	My firm is not in operation during MCO and has backlogs on CTR and STR submission, does BNM provide regulatory relief in complying with the submission requirements to be within the next working day upon confirmation of suspicion for STR, and five working days for CTR, during the MCO period?	<p>Reporting institutions are generally expected to comply with BNM submission requirements for STR and CTR, where relevant, during the MCO period, if they are in operation, whether in premise or remotely.</p> <p>However, if the reporting institutions are not in operation, the submission of STRs and CTRs is expected on the next operational/ working day for STRs, or five days from operational/ working day for CTRs, after business operations resume. Please contact BNM via fied@bnm.gov.my in the event of any issue in complying with the requirements.</p> <p>Where relevant, in the event of a system-related issue, reporting institutions should get in touch with BNM via fins@bnm.gov.my.</p>

No	Question	Answer
		If your firm does not have access to reporting of STR through FINs, you may continue to submit the relevant form via email at str@bnm.gov.my . The latest STR forms for DNFBPs (according to sectors) could be accessed at: http://amlcft.bnm.gov.my/AMLCFT07.html