

LABUAN FINANCIAL SERVICES AUTHORITY
(LEMBAGA PERKHIDMATAN KEWANGAN LABUAN)

Circular No.: 224/2019/ALL

Date: 6 May 2019

Association of Labuan Banks
Labuan Investment Banks Group
Labuan International Insurance Association
Association of Labuan Trust Companies
Fund Managers

Dear Sir/Madam,

Submission of Compliance Report and Anti-Money Laundering Counter Financing of Terrorism (AMLCFT) Independent Audit Report to Labuan FSA

This circular, issued pursuant to Section 4A of Labuan Financial Services Authority Act 1996 wishes to clarify and reinforces the requirements relating to the submission of annual Compliance Report and Independent Audit Report on AMLCFT to Supervision and Monitoring Department (SMD), Labuan FSA, which shall be read together with the following Guidelines:

- i. Guidelines on Compliance Function for Labuan Licensed Entities
- ii. Guidelines on AMLCFT – Banking Sector
- iii. Guidelines on AMLCFT – Insurance and Takaful Sector
- iv. Guidelines on AMLCFT – Trust Company Sector
- v. Guidelines on AMLCFT – Capital Market and Other Business Sectors
- vi. Guidelines on Minimum Audit Standards for Internal Auditor of Labuan Banks
- vii. Guidelines on Minimum Audit Standards for Internal Auditor of Labuan Insurance and Insurance Related Companies
- viii. Governance and Market Conduct Framework for Labuan Trust Companies

2. As you are fully aware, all Labuan Financial Institutions are required to ensure that compliance exercise and independent audits are carry out at the institution level at least on an annual basis. The reports, namely Compliance Report and Independent Audit Report on AMLCFT shall be submitted to SMD, Labuan FSA on annual basis.

Report Submission

3. For clarification and easy monitoring purposes, kindly be guided and informed that both reports, i.e., Annual Compliance Report and Independent Audit Report on AMLCFT shall be submitted and reached SMD, Labuan FSA latest by 31 March following the year under review. For example, the reports for year 2019 shall reach Labuan FSA by 31 March 2020.

4. Please be reminded that the two reports shall not be combined into one report due to their different objectives and scopes. Nevertheless, as for the Independent Audit Report on AMLCFT, it can be combined together with the general audit report, but there shall be a separate section on AMLCFT.

5. For insurance brokers and captives, in line with their nature of businesses, are only required to provide letter of compliance from the head office, insurance manager or external auditor on its state of compliance to the relevant regulatory requirements in Labuan IBFC, including on AMLCFT.

6. In regard to the submission reports for 2018, kindly be reminded to ensure the submission of both reports to Labuan FSA latest by 30 June 2019. Nevertheless, if the reports have already been submitted, please disregard the reminder.

Report Content

7. The AMLCFT Independent Audit Report shall at least contain:

- i. The level of Money Laundering/Terrorism Financing (ML/TF) risks facing the Reporting Institution (RI);
- ii. The adequacy and strength of the RI's risk management control functions in managing the ML/FT risks;
- iii. The effectiveness of AMLCFT measures implemented by the RI

8. As for Compliance Report, please refer to Appendix III Guidelines on Compliance Function for Labuan Licensed Entities on the minimum areas to be covered.

Non-Compliance

9. Moving forward, please be reminded that as provided under the law, failure to comply with regulatory requirements may result in enforcement actions, including but not limited to the imposition of administrative penalty, compound etc.

Enquiry

10. Should you need further clarification on this matter, please contact Encik Amirul Firdaus Jenggi at 03-2780 3384 (amirul@labuanfsa.gov.my) or Encik Abu Lokmanulhakim Abu Bakar at 087-591305 (lokman@labuanfsa.gov.my).

Please be guided accordingly.

Yours sincerely,

For and on behalf of Labuan FSA


AZUDDIN JASIN

Director

Supervision & Monitoring Department

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