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To Members of the Malaysian Bar

Updates on AML/CFT Compliance

Bank Negara Malaysia (“BNM”) had issued [a newsletter dated 17 Mar 2023 \(“BNM newsletter”\)](#) to notify all reporting institutions (“RIs”) of the latest updates relating to Anti-Money Laundering, Countering Financing of Terrorism (“AML/CFT”) compliance.

Below is a summary of the items mentioned in the BNM newsletter.

(1) Inclusion of Myanmar in the List of High-Risk Jurisdictions Subject to a Call for Action (Black List)

Myanmar was included in the blacklist in October 2022 due to its lack of progress in addressing its AML/CFT strategic deficiencies. The BNM’s Financial Action Task Force (“FATF”) calls on its members and other jurisdictions to apply enhanced due diligence (“EDD”) measures that are proportionate to the risks arising from Myanmar. Click [here](#) to read more.

(2) Gazette Order on AMLA (Declaration of Specified Entities and Reporting Requirements) (Amendment) Order 2023

The Bar Council issued [Circular No 186/2022](#) dated 28 June 2022 entitled “Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities (Declaration of Specified Entities and Reporting Requirements) (Amendment) Order 2022 [P.U.(A) 127/2022] and Directions under Section 66E of AMLA” to inform Members about the amendments.

RIs are to take action in accordance with the requirements under the Policy Document, including:

- (a) updating the relevant sanctions list within the firm;
- (b) screening existing, potential, and new customers;
- (c) in the event of a positive name match:
 - (i) reject transactions for new / potential customers;
 - (ii) freeze funds / properties for existing customers; and
 - (iii) block transactions (where applicable); and



- (d) report, if there are positive name matches (in both Suspicious Transaction Reports (“STRs”) and Determination Form in Appendices 5 and 6A, 6B, 7A or 7B of the [Policy Document](#)).

Click the links below to access the following forms:

- (a) [STR Form](#); and
(b) [Determination Form](#).

(3) STRs

We have been informed by BNM that submissions of STRs among lawyers are very low.

Suspicious transactions refer to any transaction (including attempted or proposed), regardless of the amount, that:

- (a) appears unusual;
(b) has no clear economic purpose;
(c) appears illegal;
(d) involves proceeds from an unlawful activity or instrumentalities of an offence; or
(e) indicates that the customer is involved in money laundering or terrorism financing

Members are advised to submit an STR using [this form](#) to BNM and to note that other RIs are submitting STRs (probably on the very same transaction), which may suggest that lawyers are not complying with the AML/CFT requirements.

(4) Outcomes of the Financial Action Task Force (“FATF”) Plenary (22 to 24 Feb 2023)

(a) The key outcomes of the FATF Working Groups and Plenary meetings are as follows:

- **North Korea, Iran, and Myanmar** remain on the list of high-risk jurisdictions subject to a call of action (blacklist). RIs are required to apply **EDD** on customers from these jurisdictions.
- Inclusion of **South Africa** and **Nigeria** in the list of jurisdictions under increased monitoring (grey list). RIs are required to conduct risk assessments on the customers from these jurisdictions and apply risk mitigating measures according to the risk level.
- Removal of **Cambodia** and **Morocco** from the list of jurisdictions under increased monitoring (grey list).

(b) Policy Document

The FATF Plenary finalised a guidance document, which will help countries implement the revised requirements of Recommendation 24 on the transparency of legal persons.

Click [here](#) to view the Outcomes of the FATF Plenary 2023, and click [here](#) to access the FATF Guidance on Beneficial Ownership of Legal Person.

(5) Implementation of Beneficial Ownership (“BO”) Requirements by the Legal Sector

BNM is issuing a thematic report on the Implementation of BO Requirements to the legal sector. The report is issued as a limited document to the legal sector and will be circulated through the nominated Compliance Officers (“COs”).

(6) Nomination of COs

Firms are reminded to appoint a CO. BNM has made enhancements to the AML/CFT Compliance Officer Appointment Notification Method and Targeted Financial Sanctions Reporting Forms to facilitate RIs when complying with the requirement on AML/CFT CO appointment. The notification of a CO appointment or a change in an appointed CO can be made by completing the online form available at this [link](#).

(7) AML/CFT Data and Compliance Report

BNM has announced that it will not be issuing the Data and Compliance Report (“DCR”) for the year 2023 to Designated Non-Financial Businesses and Professions (“DNFBPs”) and Non-Bank Financial Institutions (“NBFIs”) RIs. Instead, BNM will issue the DCR 2024 in the first half of 2024.

BNM will be also pursuing enforcement actions for non-submissions of the DCR 2022.

Thank you.

Mohamad Ezri Abdul Wahab
Chairperson
Committee on AMLA