



22 February 2019

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 to be subjected to the Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) – Designated Non-Financial Businesses and Professions (DNFBPs) and Other Non-Financial Sector (Sector 5) Policy Document.

Tuan/Puan,

Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA) and subsidiary legislations
- Designated Non-Financial Businesses and Professions and other Non-Financial Sectors (DNFBPs)¹

Reporting institutions are required to undertake measures to prevent their institutions from being used as conduits for money laundering and terrorism financing (ML/TF) activities as required under Part IV (Reporting Obligations) of the AMLA and its subsidiary instruments. These obligations were invoked on DNFBPs' reporting institutions incrementally between 2003 and 2008 and subjected to Standard and Sectoral Guidelines, including the AML/CFT- DNFBP (Sector 5) issued in 2013.

2. As reporting institutions under the AMLA, the DNFBPs complement the financial institutions to act as the first line of defence in preventing ML/TF activities, which in turn serves to protect the integrity of the Malaysian financial system while protecting themselves from being abused for ML/TF activities. Hence, Bank Negara Malaysia reiterates the call for greater commitment from the DNFBPs reporting

¹ Refer to accountants, company secretaries, dealers in precious metals and precious stones, casino, lawyers, licensed gaming outlets, registered estate agents, trust companies, moneylenders and pawnbrokers.

institutions to put in place the necessary infrastructure and measures to facilitate understanding and effective implementation of AML/CFT requirements.

3. The recent National Risk Assessment² in 2017 found that the DNFBPs sectors continue to face higher net ML/TF risks. In this regard, Bank Negara Malaysia, as the competent authority appointed under the AMLA, intensified its engagement with the DNFBP sectors and its supervisory efforts thereon, with a 163% increase in on-site examinations on five higher risk sectors in 2018.

4. Moving forward, to keep abreast with the DNFBPs sectors' potential exposure to ML/TF risks, Bank Negara Malaysia will continue to intensify its risk-based supervisory activities, including the requirement to submit periodic institution-based business activities data and compliance reviews from 2019 onwards. In addition, to instil stronger compliance culture, beginning 2020 Bank Negara Malaysia will consider pursuing more deterrent actions, including taking appropriate enforcement actions under the AMLA, for any identified non-compliances.

Yang benar,


(Abdul Rasheed Ghaffour)
Timbalan Gabenor

² Refer to an assessment of Malaysia's exposure to prevailing crimes (domestic and foreign) and vulnerabilities of various sectors to ML/TF risks.