

## Obligations of Reporting Institutions in Countering Terrorism Financing and Countering Proliferation Financing

TFS are the measures of asset freezing and prohibitions to prevent funds or other assets from being made available, directly or indirectly, for the benefit of specified entities or designated persons who are being sanctioned, without delay.

The objective is to prevent:

- Terrorists, terrorist organisations and terrorist financiers
- Persons and entities involved in the proliferation of weapons of mass destructions

from raising, moving and using funds, consistent with the relevant United Nations Security Council Resolutions (UNSCRs).

### Terrorism Financing

For the purpose of complying with Part VIA of the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and Part VII of the Securities Commission's Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Guidelines (The Guidelines), reporting institution should regularly check the United Nations Security Council (UNSC) Resolution 1267/1989 (Al Qaida), United Nations Security Council (UNSC) Resolution 1988 (Taliban), the UNSC Resolution 1373 and the UN Sanction List to determine if there is any name under the Resolutions that match with its customers (be it potential, new or existing).

When a reporting institution discovers a name match, the reporting institution must take appropriate measures as provided under Paragraph 14.4 of the Guidelines including freezing without delay, any name match as published under the Orders issued by the Ministry of Home Affairs (MOHA Orders) pursuant to Sections 66B(1) and Section 66C(1) of the AMLATFPUAA.

Pursuant to the MOHA Orders, the reporting institution is required to update the Securities Commission in relation to the frozen property at an interval of six months. For ease of reference the links to the UNSC Resolutions and Orders published by the Minister of Home Affairs are as provided below:-

- 1) UN Security Council Resolutions (UNSCR) (Terrorism):
  - [1267 Sanctions List](#)
  - [1988 Sanctions List](#)

2) MOHA List: [Ministry of Home Affairs List](#)

### **Proliferation Financing**

Proliferation financing refers to the act of raising, moving, or making available funds, other assets or other economic resources, or financing, in whole or in part, to persons or entities for purposes of weapons of mass destruction (WMD).

In relation to countering proliferation financing, the Guidelines on Prevention of Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Reporting Institutions in the Capital Market (Guidelines) are issued pursuant to the, amongst others, Targeted Financial Sanctions relating to Proliferation Financing (TFS-PF), section 158(1) and section 160A of the SCMA read together with the following legislations (collectively referred to as “TFS-PF related legislations”) which provides the legal basis for domestic implementation of TFS-PF in relation to United Nations Security Council Resolutions (UNSCR) imposed on the designated countries and persons:

- (i) Strategic Trade Act 2010 (Act 708) (STA);
- (ii) Strategic Trade (United Nations Security Council Resolutions) Regulations 2010 (P.U. (A) 481/2010) 1 ;
- (iii) Strategic Trade (Restricted End-Users and Prohibited End-Users) Order 2010 (P.U. (A) 484/2010);
- (iv) Strategic Trade (Delisting of Prohibited End-Users) Regulations 2014 (P.U. (A) 289/2014); and
- (v) Strategic Trade (Unfreezing of Property in relation to Prohibited End Users) Regulations 2014 (P.U. (A) 290/2014).

When a reporting institution discovers a name match, the reporting institution must take appropriate measures to freeze the customer’s funds, properties or accounts or any transaction executed by the customer without any delay to prevent the flight or dissipation of the funds, other properties or assets or controlled directly or indirectly by the customer. The freezing of funds, properties or accounts of the customer shall remain in effect until:

- (i) The designated person is delisted by the UNSC; or

- (ii) It is confirmed that the customer's funds, properties or accounts have been inadvertently affected by virtue of him having a same or similar name with a designated person (false positive).

For ease of reference the links to the UNSCR (Proliferation of Weapons of Mass Destruction) can be accessed from the followings:-

- [1718 Sanctions List](#)
- [2231 Sanctions List](#)