

Universiti Tunku Abdul Rahman			
Form Title: Anti-Money Laundering Policy & Procedure			
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1.0 Policy and Procedure Statement

- 1.1 UTAR Education Foundation (UEF) and Universiti Tunku Abdul Rahman (UTAR) (“UEF/UTAR”) are committed to high standards of ethical behaviour, and the prevention and detection of all criminal activities, including money laundering.
- 1.2 This document sets out the policy and procedure to be followed if money laundering is suspected, and defines the responsibilities of the Board of Trustees and associates of UEF; and Council, management and employees of UTAR in the process. This policy and procedure serves as a preventive measure to UEF/UTAR in accordance to the Anti-money Laundering, Anti-terrorism Financing and Proceeds of Unlawful Activities Act 2001.

2.0 Purpose and Scope of this Policy

- 2.1 This Anti-Money Laundering Policy and Procedure is applicable to:
- Board of Trustees and associates of UEF (“Members of UEF”)
 - Council, management and employees of UTAR (“Members of UTAR”)
- 2.2 This policy and procedure covers the UEF/UTAR activities undertaken in Malaysia or overseas, whether related to teaching, research, commercial or other activities. Potentially any of the members of UEF or UTAR could be committing an offence under the money laundering laws, if they suspect money laundering or if they become involved in some way and do nothing about it.
- 2.3 This policy and procedure outlines the UEF/UTAR’s arrangements to comply with the requirements of the money laundering regulations which are:
- (a) To obtain satisfactory evidence of the identity of each customer dealt with and/or has a business relationship. This evidence of customer’s identity and the details of transactions must be retained for a period of at least six (6) years from the date the account is closed or the business relationship, transaction or activity is completed or terminated.
 - (b) To require all the members of UEF and UTAR to prevent, detect and report to the Money Laundering Compliance Officer (“MLCO”), all potential instances in which UEF/UTAR or the members of UEF and UTAR, its facilities or its activities have been or are about to be used for money laundering, terrorist financing and other illegal activities;
 - (c) To report immediately to the MLCO any suspicious transaction, whether in connection with a new or existing customers.

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- (d) To report suspicion of money laundering, if deemed appropriate, by the MLCO to the appropriate authorities in Malaysia which is the Financial Intelligence Unit (“FIU”), established within the Financial Intelligence and Enforcement Department in Bank Negara Malaysia. The FIU will manage and provide comprehensive analysis on the financial intelligence received relating to money laundering and terrorism financing.

3.0 What are Money Laundering and Terrorism Financing?

- 3.1 Money laundering is a process of converting cash or property derived from criminal activities to give it a legitimate appearance. It is a process to clean ‘dirty’ money in order to disguise its criminal origin.
- 3.2 Terrorism financing is the act of providing financial support, funded from either legitimate or illegitimate sources, to terrorists or terrorist organisations to enable them to carry out terrorist acts or to benefit any terrorist or terrorist organisation.

While most of the funds originate from criminal activities, they may also be derived from legitimate sources; for example, through salaries, revenues generated from legitimate business or the use of non-profit organisations to raise funds through donations.

4.0 Implementing the Policy and Procedure

4.1 Responsibilities

- 4.1.1 The Director, Division of Finance, as the nominated MLCO, is responsible for implementing and maintaining anti-money laundering procedures and responding to reports of suspected money laundering activities. In the absence of the Director, Division of Finance, the Deputy Director, Division of Finance will act as the MLCO.
- 4.1.2 The MLCO is responsible for:
- (a) Receiving reports of suspicious activity from any member of UEF or UTAR in the business and maintaining a Register of all Report Forms;
 - (b) Considering all reports and evaluating whether there is - or seems to be - any evidence of money laundering or terrorist financing;
 - (c) Reporting any suspicious activity or transactions to the FIU by completing and submitting a Suspicious Transaction Report (“STR”);
 - (d) Asking FIU for consent to continue with any transactions that have been reported and making sure that no transactions are continued illegally.

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4.2 Expectations of the Members of UEF and UTAR

4.2.1 General expectations of the members of UEF and UTAR are:

- (a) To discharge their duties in accordance with their contractual obligations and with due regard to the UEF/UTAR policies and procedures;
- (b) To avoid handling any money, goods or other items known or suspected to be associated with the proceeds of crime, or becoming involved with any services known or suspected to be associated with the proceeds of crime;
- (c) To remain vigilant and report concerns related to suspected money laundering activities;
- (d) To co-operate fully with any investigations into reported concerns;
- (e) Except for the reporting obligations, to maintain confidentiality about any suspected or actual incidents involving the UEF/UTAR.

4.2.2 It is reminded that money laundering legislation applies to ALL members of UEF and UTAR. Members of UEF or UTAR could be committing an offence if they suspect money laundering (or if they become involved in some way) and do nothing about it. Examples of warning signs and “red flags” are shown at **Attachment A**.

4.2.3 If a member of UEF or UTAR suspects that money laundering activity is or has taken place or if any person becomes concerned about his/her involvement then he/she should follow the reporting process outlined in Section 5 & Section 6 below.

5. **Customer Due Diligence**

5.1 UEF/UTAR must be reasonably satisfied as to the identity of the customer (and others) that they are engaging in a business relationship.

5.2 Our Customer Due Diligence (“CDD”) follows the principles of Know Your Customer (“KYC”), one of the fundamental precepts of global anti-money laundering regulations. This due diligence process identifies business relationships and customers and, hence, ascertains relevant information whereby the identity of a new customer must be established before a business or financial relationship can begin or proceed. The three components of KYC are explained in **Attachment B**. We retain the CDD records relied on for at least six (6) years from the date on which reliance commences.

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6. Reporting Concerns about Suspected Money Laundering

6.1 Money laundering legislation requires concerns to be reported in writing as outlined below. All suspected instances of irregularity should be reported without delay - refer to **Attachment C** for a flowchart of the reporting channels for raising concerns.

6.2 If members of UEF or UTAR suspect money laundering activity or becomes concerned about their involvement then they should:

(a) Use the Suspected Money Laundering Reporting Form as per **Attachment D** to report the concern, giving as much information as possible;

(b) Send the said Reporting Form as soon as possible to the MLCO. Please mark the envelope “confidential”.

6.3 Important: Avoiding the criminal offence of *tipping off*

Once reported, members of UEF and UTAR should make no further enquiries into the situation or discuss their concerns with anyone else at any time, unless instructed by the MLCO. Neither should they make any reference on a file to a report having been made. The appropriate records will be kept in a confidential manner by the MLCO.

7. How UEF/UTAR Will Respond to Concerns

7.1 Upon receipt of a completed Suspected Money Laundering Reporting Form (Part 1), the MLCO must complete Part 2 of the form. Consideration will be given to all relevant information, including:

- (a) the review of other relevant transaction patterns and volumes;
- (b) the length of any business relationship involved;
- (c) the number of any one-off transactions and linked one-off transactions;
- (d) any identification evidence held.

7.2 The MLCO and the Registrar of UTAR will make other reasonable inquiries as appropriate in order to ensure that all available information is considered when deciding whether a report to the FIU is required. Inquiries will be made in such a way as to avoid any appearance of *tipping off* those involved.

If the MLCO suspects money laundering or terrorist financing, they will normally suspend the transaction and make a STR to FIU after consulting the President of UTAR. However, a judgment should be made regarding how safe and practical it is to suspend the transaction without *tipping off* the suspect. It may be necessary to make the report as soon as possible after the transaction is completed.

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8. Disciplinary Procedures

UTAR may follow disciplinary procedures against any employee who has committed a money laundering offence, which could result in dismissal.

9. Record Keeping

The MLCO will keep a separate Register of money laundering Report Forms and will update this Register with any relevant documents, including a copy of any STR made to FIU and other FIU correspondence. Current FIU guidance requires that Report Forms and associated documentation be kept for at least six (6) years from the date the account is closed or the business relationship, transaction or activity is completed or terminated.

10. Monitoring and Review

This policy and procedure will be reviewed and updated by the MLCO when necessary. Any incidents of money laundering reported to, and recorded by UEF/UTAR will be incorporated into that review. The updated policy and procedure will be recommended by Senior Management Committee to Council and Board of Trustees for approval.

11. Further Help and Guidance about the Policy and Procedure

- 11.1 This Policy and Procedure is published on UTAR Web2 staff intranet under UTAR Policies and is communicated to employees via internal communication.
- 11.2 For general guidance on the application of this Policy and Procedure, please contact:

Director, Division of Finance
 Universiti Tunku Abdul Rahman
 Jalan Sungai Long,
 Bandar Sungai Long,
 Cheras 43000, Kajang,
 Selangor

12. Attachment

- Attachment A : Examples of “Red Flags”
 Attachment B : Customer Due Diligence (“CDD”) Principles
 Attachment C : Flowchart of the Reporting Channels for Raising Concerns
 Attachment D : Suspected Money Laundering Reporting Form

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Attachment A

Examples of “Red Flags”

The examples below are not intended to be exhaustive but provide a general indication of the range of matters covered by this Policy.

1. Payment by a person or company of any substantial sum in cash, particularly if they fail to provide proper evidence to confirm their identity and address.
2. A person or company doing business with UEF/UTAR lacks proper paperwork, e.g. invoices, failure to quote a SST number or invoices issued by a company that lack the company's registered office/address and number.
3. A person or company attempts to engage in circular transactions, where a payment to UEF/UTAR is followed by an attempt to obtain a refund from UEF/UTAR's bank accounts. (This may occur where a student pays a significant sum in fees, and then withdraws from a programme and seeks a refund).
4. Unusual or unexpected large payments are made into the UEF/UTAR's bank accounts.
5. A secretive person or business e.g. that refuses to provide requested information without a reasonable explanation.
6. Absence of any legitimate source for funds received.
7. Overpayments for no apparent reason.
8. Involvement of an unconnected third party without a logical reason or explanation.
9. Significant changes in the size, nature, frequency of transactions with a customer that is without reasonable explanation.
10. Requests for payments or refunds after funds have been paid into the UEF/UTAR's bank account by a third party, particularly if there is a request to return money to a different account or individual to the payer.
11. Cancellation, reversal or requests for refunds of earlier transactions.
12. Funding received by the university from an organisation/NGO to conduct research or consultancy in which all/part of the fund is then used to pay services provided by the organisation/NGO or entities directly related to the funding organisation/NGO.

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Attachment B

Customer Due Diligence (“CDD”) Principles

The customer due diligence follows the principles of Know Your Customer (KYC):

1.0 3 Components of KYC

- (1) Ascertaining and verifying the identity of the customer i.e. knowing who they are and confirming that their identity is valid by obtaining documents or other information from sources which are independent and reliable. In order to satisfy the requirements, identity checks for money laundering purposes are interpreted as obtaining a copy of photo-identification (such as a passport) and proof of address (such as a recent utility bill).
- (2) Ascertaining and verifying (if appropriate) the identity of the beneficial owners of a business, if there are any, so that you know the identity of the ultimate owners or controllers of the business.
- (3) Information on the purpose and intended nature of the business relationship i.e. knowing what you are going to do with/for them and why.

2.0 Level of CDD

There are three levels of CDD - ‘Standard’, ‘Simplified’, and ‘Enhanced’.

‘Standard due diligence’, as outlined above, should be applied to all financial relationships unless ‘simplified’ due diligence is or ‘enhanced’ due diligence is appropriate.

Simplified CDD does not require verification of the customer’s identity and is appropriate when a risk assessment has shown a negligible or low risk of money laundering.

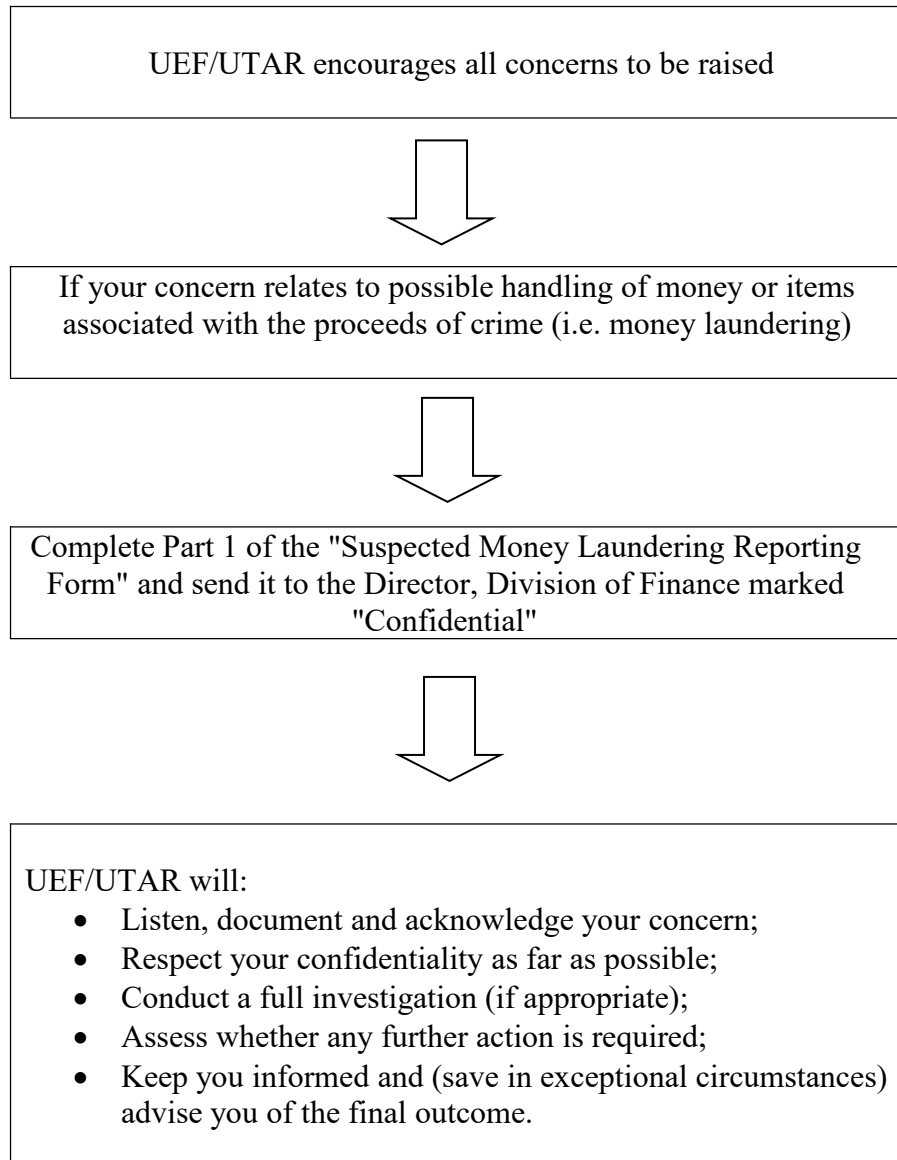
Enhanced CDD must be applied when the risk of money laundering is high, such as if the person in question is a politically exposed person or if involved in a transaction with the high risk and non-cooperative jurisdictions which are listed by Financial Action Task Force (“FATF”) at [http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/?hf=10&b=0&s=desc\(fatf_releasedate\)](http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/?hf=10&b=0&s=desc(fatf_releasedate)).

Enhanced due diligence measures may include:

- Additional identification information from the customer
- Information on the source of funds or source of wealth
- The intended nature of the business relationship
- The purpose of the transaction
- Subjecting the customer to additional ongoing monitoring procedures

Flowchart of the Reporting Channels for Raising Concerns

The reporting route for money laundering concerns is shown below:



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Attachment D

CONFIDENTIAL - Suspected Money Laundering Reporting Form	
Part 1 - Report to the MLCO <i>(Please complete Part 1 & send this (in physical format) to the MLCO, marked "Confidential")</i>	
From :	Faculty / Department :
Contact Details :	
DETAILS OF SUSPECTED OFFENCE <i>[Please continue on a separate sheet if necessary]</i>	
Name(s) and address(es) of person(s) involved including relationship with UEF/UTAR:	
Nature, value and time of activity involved:	
Nature of suspicions regarding the activity:	
Details of any enquiries you may have undertaken to date:	
Have you discussed your suspicions with anyone? And if so, on what basis?	
Is any aspect of the transaction(s) outstanding and requiring consent to progress?	
Any other relevant information that may be useful:	
Signed:	Date:
<i>Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence.</i>	

Attachment D

Part 2 - MLCO Report (to be completed by MLCO only)	
Date report received:	
Consideration of Disclosure: <i>[Please continue on a separate sheet if necessary]</i>	
Action plan:	
Outcome of consideration of Disclosure:	
Are there reasonable grounds for suspecting money laundering activity?	YES/NO
If there are reasonable grounds for suspicion, will a report be made to the Financial Intelligence Unit (“FIU”)?	YES/NO
If yes, please confirm date of report to FIU and complete the details below: Date of report: / / Details of liaison with the FIU regarding the report: Notice Period: to Moratorium Period: to	
Is consent required from the FIU to any ongoing or imminent transactions which would otherwise be prohibited acts? If yes, please confirm full details below:	YES/NO
Date consent received from FIU:	/ /
Date consent given by you to employee: / /	
If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the FIU, please set out below the reason(s) for non-disclosure:	
Date consent given by you to employee for any prohibited act transactions to proceed :	/ /
Signed :	Date: / /
THIS REPORT TO BE RETAINED FOR AT LEAST SIX (6) YEARS	