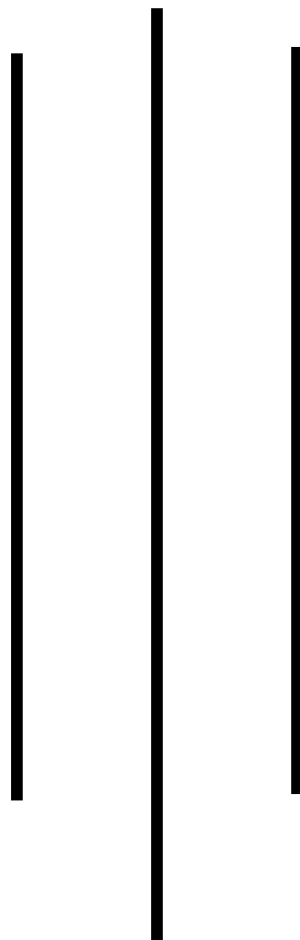


Anti-Money Laundering Directives  
to  
Money Remitter/Money Transferor



NEPAL RASTRA BANK  
CENTRAL OFFICE  
FINANCIAL INFORMATION UNIT (FIU)  
Nepal  
1 Dec. 2009 (2066, Mansir -16)

In exercise of the power under Section 10(3) of the Asset (Money) Laundering Prevention Act, 2008 and Rule 7 of the Asset (Money) Laundering Prevention Rules, 2009, the FIU has issued the following directives to Money Remitter /Money Transferor<sup>1</sup> licensed by Nepal Rastra Bank.

**1. Customers to be clearly identified (Know Your Customer) and records thereof maintained:**

- (1) Money remitter/ money transferor shall, while receiving and paying money to the customer for the purpose of remitting and transferring money, obtain documents and particulars that establish the clear identity of the customers as mentioned in the Schedule -1 and maintain the record thereof.
- (2) The chief of the money remitter/ money transferor or the officer designated by the chief shall, while taking the documents or particulars establishing clear identity of the customer in accordance with sub-section (1), cross check the duplicate copy of such document with the original one and keep the attested the copy for record.
- (3) Money remitter/money transferor shall, while conducting its business of money remittance and money transfer, prepare a form containing column for information regarding source of money, purpose of money transfer or remittance, money sender's relation with the desired recipient of money, mailing address of the sender, name and address of the legal person (in case the sender or recipient is legal person) and maintain the record with such information.

**2. Particulars to be provided by customer:**

It shall be the obligation on the part of the concerned customers to provide the particulars as requested by money remitter/money transferor as per Section 1 of this directive. Money remitter or money transferor shall have the right to instantly decline to conduct any transaction or establish business relationship

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<sup>1</sup> For the purpose of this directive, " money remitter and money transferor" means the bank and financial institution remitting and transferring money and any individual, firm, company, institution or entity licensed by Nepal Rastra Bank to remit and transfer money.

with those customers who fail to provide or is not able to provide the particulars for whatsoever reason. Where the establishment of business relationship may not be denied owing to prevalence of an otherwise circumstance, the transactions with such customer shall be treated as suspicious and such particulars should be submitted to the Financial Information Unit as per Schedule- 3.

**3. Transaction of threshold amount and threshold exceeding amount to be reported:**

(1) Money remitter/money transferor shall submit to the Financial Information Unit the particulars of the following transaction of threshold amount or amount more than that within 7 days from the date of the transaction as per Schedule -2 format.

(a) Transaction of ten hundred thousand rupees or more, whether remitted to or transferred to a single person at a single transaction or series of transactions in a day.

(b) Transaction of transferring or payment of ten hundred thousand rupees or more by a single person in a day, whether at a transaction or series of transactions.

(2) Money remitter/money transferor shall maintain a separate register for the receipt of the threshold amount of ten hundred thousand rupees or more and write the source of the money by causing the concerned customer to mention it.

(3) Transaction of threshold amount as mentioned in Sub Section (1) or amount more or less than threshold shall be reported as suspicious transaction if such transaction appears to be suspicious.

**4. Suspicious transaction to be reported:**

(1) No threshold amount shall apply for reporting transaction as suspicious transaction. Any attempt of suspicious transaction or cooperating such attempt shall instantly be reported to the Financial Information Unit.

(2) Money remitter/money transferor shall immediately provide information to the Financial Information Unit as per the format specified in Schedule 3 in case the following circumstances exist in the customer or his behaviors

(a) If the customer does not give required particulars or gives false particulars or is not willing to give the particulars.

(b) If the customer attempts to send or receive the amount that is incompatible with the particulars furnished to the money remitter/money transferor.

- (c) If no source of the money is mentioned or the satisfactory source is not given.
- (d) If the customer does not mention the purpose of sending or receiving money or searched to transact that hides the purpose.
- (e) If transactions of sending, receiving, regularly or of huge amount, were made only through particular country, place or institutions without certain reasons or such amount is readily transferred to other place.
- (f) If the amount is found sent or received differently from business purpose or sent or received in a different place.
- (g) If the amount is sent or received time by time below than threshold amount or such act is found to have been done by mutual compromise of two parties.
- (h) If the transaction done or attempted to be done does not correspond to the general economic status of the customer.
- (i) Transactions of or relating to individual or organization who has been declared by Nepal government as 'Individual or organizations involved in terrorist or criminal activities' or that relating to individual or organizations placed in the list of terrorist or criminal by the United Nations through adoption of various resolutions or any transaction that appears to be directly or indirectly facilitating any type of terrorist activity, terrorist organization or any criminal activity.
- (j) Transaction that is likely to be directly or indirectly associated with individual or organization involved in terrorist activities or criminal activities or any other related individual.
- (k) Any transaction that appears to be suspicious or the transaction that is carried out or appears to be carried out with the purpose of money laundering or encouraging terrorist or criminal activities.
- (l) Transaction that appears to be suspicious or abnormal by any aspects or such behaviors of the customer.
- (m) Transaction of individual or organization attempting suspicious transaction.

- (n) Other transactions as designated by the Financial Information Unit.

2. Money remitter/money transferor shall safely maintain a separate register with the records of information of suspicious transactions submitted to the Financial Information Unit with the certification of the chief or the officer designated by him of such institution.

#### **5. Classification and Mitigation of Risk:**

(1) Money remitter/money transferor shall classify the transactions of its customers by identifying the inherent risks on the basis of the quantum, nature and scope of the transaction. Such classification shall be made at least as follows:

(a) High risk transaction

(b) Risk transaction

(c) Low risk transaction

(2) Classification of transactions as per Sub-clause (1) shall be reviewed from time to time.

Provided that high-risk transactions shall be reviewed at every three months.

(3) For the purpose of classification as per Sub-clause (1), customer having abnormal type of transactions; individuals who have/had occupied higher rank in politics, business, administration as well as in social and financial sectors; conduit transaction (non face to face transaction); firm, company, organization or entity having no particular regulatory or supervisory authority; customers carrying out international transactions and customer from the countries not adopting the necessary measures for the prevention of money laundering and financing of terrorism, customers and transaction for having grounds of suspicious transaction and the transactions designated as high risk transaction by the Financial Information Unit shall be classified as high risk transactions.

(4) Money remitter/Money transferor shall discuss on setting up of and improving mechanisms to prevent customer's suspicious and abnormal transactions or money laundering and make necessary arrangement for this effect, at every three months.

#### **6. Obligation to comply with the Act, Rules and Directives:**

(1) It shall be the duty of the chief of the money remitter/money transferor to manage to provide information and particulars to the Financial Information

Unit from with full confidentiality from a secured place in accordance with the Asset (Money) Laundering Prevention Act, the Rules or the directives, order, circulars issued under the Act and Rules and other relevant laws. It shall be the chief of money remitter/money transferor to monitor whether or not such provisions are complied with.

- (2) The chief of the money remitter/money transferor or the officer designated by the chief shall be the focal person to comply with the Asset (Money) Laundering Prevention Act, FIU directives and other existing relevant laws. It shall be the duty of the chief of the money remitter/money transferor to submit the details of the focal person, including name, address, contact number and email.
- (3) Annual report of the activities conducted in accordance with this directive shall be prepared and a copy thereof shall be submitted to the Financial Information Unit within three months after the completion of the fiscal year.

#### **7. Reporting Procedure:**

- (1) Money remitter/money transferor shall submit the information and particulars required to be reported to the Financial Information Unit as per schedule-2 or schedule-3 depending upon the nature of transaction.
- (2) The information and particulars relating to the transaction required to be reported to the Financial Information Unit may be submitted through electronic means of communication like email and fax, subject to immediate confirmation of such information through other means.
- (3) Where any particular is found to have been omitted in the information submitted to the Financial Information Unit or where different particulars or information, other than particulars and information received during the transaction is received afterward, the money remitter or money transferor shall immediately inform the Financial Information Unit of such differences.
- (4) Money remitter/money transferor shall safely maintain the record of customer profile and transaction submitted to the Financial Information Unit for five years.

#### **8. Internal Guidelines:**

- (1) In compliance with the Asset (Money) Laundering Prevention Act, rules and this directive, the money remitter/money transferor shall prepare and implement necessary guidelines in respect of prevention of money laundering and financing of terrorist activities, risk prevention, internal control, customer due diligence, information management, record keeping, identification of

suspicious transactions, information to be reported to the FIU and the compliance with the Act, Rules and directives and inform the Financial Information Unit along with a copy of such documents. The guidelines shall contain procedures relating to Customer Due Diligence, customer acceptance, customer identification, and process of monitoring customer's transactions as well as process of risk management.

- (2) With respect to Customer Due Diligence, the money remitter or money transferor may also use the guidelines laid down by relevant international organizations and the use of such guidelines shall be informed to the Financial Information Unit along with a copy of the guidelines.

#### **9. Information and Training:**

Money remitter/money transferor shall provide necessary training and information to its directors and employees so as to put in place an internal management system for the prevention of money laundering as well as financing of terrorist activities.

#### **10. Monitoring and Regulation:**

- (1) The Financial Information Unit may monitor or cause to monitor from time to time regarding the compliance of the provisions of Asset (Money) Laundering Prevention Act and the Rules, By-laws, directives or orders issued in exercise of the power under the said Act.
- (2) It shall be the duty of the concerned money remitter or money transferor to provide all necessary cooperation in the monitoring process conducted as per Sub Section (1).

#### **11. Confidentiality to be maintained:**

Money remitter/money transferor or any staff, official or representative thereof shall not disclose any information provided to the Financial Information Unit nor divulge the facts/confidentiality of the document that has/had come into knowledge during investigation and enquiry or during the execution of own duties to any other persons including the customers through any means except under the circumstances as may be required by the prevailing laws.

#### **12. Penalty and Action:**

- (1) The Financial Information Unit may impose fine, as per Section 31 of the Act, to money remitter/money transferor which does not furnish information to the Financial Information Unit as per the requirement of Asset (Money)

Laundering Prevention Act, and the Rules, By laws, directives or order formulated and issued under the said Act.

(2) Action shall be taken in accordance with the Asset (Money) Laundering Prevention Act, 2008 against those breaching the provisions of the Act, the Rules, by laws, directives or order.

**Note: The report is to be submitted in the following address:**

**Nepal Rastra Bank  
Financial Information Unit  
Baluwatar  
Karthmandu  
Phone: 4419804, 4419805, 4419807 (Ext. 414, 417, 418)  
Fax: 4441051  
Email: [reportfiu@nrb.org.np](mailto:reportfiu@nrb.org.np)**

## Schedule-1

### Customer Due Diligence Procedure

- (a) Clear Full Name and Address,
- (b) Any one of Certificate of citizenship, Passport and visa, Identity Card disclosing nationality,
- (c) Permanent/ temporary Address,
- (d) Telephone Number (if any),
- (e) Source of the money transferred,
- (f) Relationship between the sender/recipient of the money,
- (g) Purpose of the money sent/received,
- (h) Full mailing address to correspond to the sender/recipient,
- (i) Private interview with the customer, if necessary, and
- (j) Other documents and particulars as deemed necessary by the concerned institutions.



