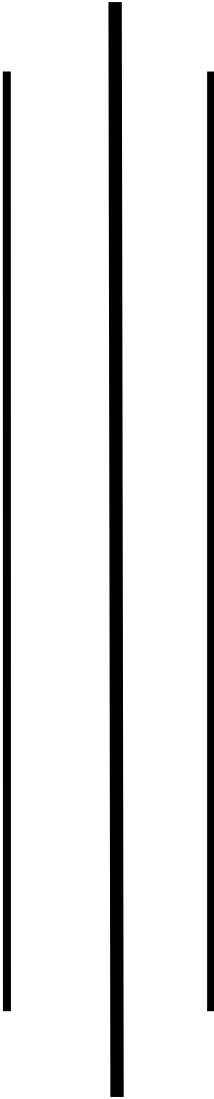


Guidelines for Threshold Transactions Reporting



NEPAL RASTRA BANK
CENTRAL OFFICE
FINANCIAL INFORMATION UNIT (FIU)
Nepal
Effective from 15th January 2014 (2070-10-01)

Guidelines for Threshold Transaction Reporting

A Threshold Transaction Report (TTR) is a report that financial institutions and designated non-financial business and professions (DNFBPs) are required to file to FIU for each deposit, withdrawal, exchange of currency, or other payment or transfer, by, through, or to the financial institution which involves a transaction more than 1 million Nepalese rupees.

Threshold transaction reports (TTRs) are very important to develop the data bank of customers/clients profile for future use in case such transactions happen to be connected with money laundering and terrorist financing offences. TTRs also help to form a link chart during the analysis of a STR and help the investigator to find the criminal elements involved in the transactions and convert the financial information into financial intelligence by adding value in it.

TTR is very important for both the operational and strategic analysis. So in order to make filing of TTRs expedient for the purpose of aiding the financial analysis by forming financial intelligence from available financial information by adding value in it and preventing money laundering and controlling terrorist financing, this guidelines have been made and issued in exercise of power conferred by Section 10 (1) (h) of Assets (Money) Laundering Prevention (Second Amendment) Act, 2008.

1. Reporting entities are required to file threshold transaction reports to FIU within fifteen days from the date of transaction.
2. Threshold is different for different reporting entities.
3. The threshold amount may be reached by a single transaction or by a series of transactions in cash into a single account or by a single customer over a period of one working day. It may be considered to be an aggregate transaction in cash exceeding the prescribed threshold.

Explanation: Indications of when a series of smaller amounts combine to form a “composite” transaction that exceed the prescribed threshold are the following:

- a. the period within which such a series of smaller transactions take place;
- b. the fact that the series of transactions consists of a repetition of the same type of transaction e.g. cash payments or cash deposits;

- c. the smaller amount transactions involve the same person or account holder, or relates to the same account.
4. Cash does not include negotiable instrument, nor does it include a transfer of funds by means of bank cheque, bank draft, electronic funds transfer, wire transfer or other written order that does not involve the physical transfer of cash. These methods of transferring funds do not fall within threshold reporting obligation.
5. Reporting entities should make its customer declare the source of funds in case the transaction exceeds the prescribed threshold.

Threshold Transactions Reporting Obligation of Different Reporting Entities

1. Threshold transaction reporting obligation of Banks and Financial Institutions
 - Deposit or withdrawal of Rs 1 million or more into or out of the same account in one transaction or in a series of transactions in one day.
 - Inward or outward remittance of Rs 1 million or more into or out of the same account in one transaction or in a series of transactions in one day or inward or outward remittance of Rs 1 million or more by a customer (in case of non-account-holder customer) in one transaction or in a series of transactions in one day.
 - Exchange of foreign currency equivalent to Rs 5,00,000/- or more by a customer in one transaction or in a series of transactions in one day.
2. Threshold transaction reporting obligation of Money Remitter
 - Inward remittance of Rs 1 million or more in the name of a customer in one transaction or in a series of transactions in one day.
3. Threshold transaction reporting obligation of Money Changer
 - Exchange of foreign currency equivalent to Rs 5,00,000/- or more by a customer in one transaction or in a series of transactions in one day.
4. Threshold transaction reporting obligation of Insurance Business
 - Purchase of life insurance policy with an annual premium of Rs 1,00,000/- or more, irrespective of whether paid once or multiple times in a year.
 - Purchase of non-life insurance policy with an annual premium of Rs 3,00,000/- or more, irrespective of whether paid once or multiple times in a year.

5. Threshold transaction reporting obligation of Securities Business
 - Purchase or sale of securities of Rs 1 million or more by a customer in one transaction or in a series of transactions in one day.
6. Threshold transaction reporting obligation related to Real Estate Business
 - Purchase or sale of real-estate property of Rs 10 million or more by a customer in one transaction or in a series of transactions in one day.
7. Threshold transaction reporting obligation of precious gems, stones and metal (gold, silvers, platinum, etc.).
 - Purchase or sale of precious gems, stones and metal (gold, silvers, platinum, etc.) of Rs 1 million or more by a customer in one transaction or in a series of transactions in one day.
8. Threshold transaction reporting obligation of Casinos
 - Purchase or sale of casino chips of Rs 2,00,000/- or more by a customer in one transaction or in a series of transactions in one day.
9. Threshold transaction reporting obligation of Accountants, Auditors and Notary Public.
 - Purchase or sale of property or management of fund equivalent to Rs 1 million or more on behalf of a client in one transaction or in a series of transactions in one day.