



Autoriti Monetari
Brunei Darussalam

Annual Report **2017**

FINANCIAL INTELLIGENCE UNIT

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Message from the Managing Director of AMBD



Yusof Hj Abd Rahman
Managing Director

Assalamualaikum Warahmatullahi Wabarakatuh

It is my great pleasure to present the Financial Intelligence Unit, Autoriti Monetari Brunei Darussalam (FIU, AMBD) Annual Report for the year 2017, the second publication since its inaugural launch last year.

The financial sector is a facilitator of economic activity and growth in a country – its integrity and stability enhances the atmosphere of consumer confidence. In successfully developing the country's financial services, AMBD has made considerable progress in creating an appropriate regulatory environment – which the FIU maintains significantly through its endeavours in regulating institutions within Brunei Darussalam against financial crimes, particularly on money laundering and the financing of terrorism. This in whole contributes to the efforts of Brunei Darussalam in achieving economic diversification and creating a dynamic, sustainable economy as reflected in *Wawasan 2035*.

Looking back this year, the achievements of the FIU are worth mentioning. Brunei Darussalam, through its commitment to cooperation and information exchange, continues to be members in international organisations such as the Asia/Pacific Group on Money Laundering (APG), the Egmont Working Group, the Financial Intelligence Consultative Group (FICG) and the International Community of Experts (ICE). In answering the regional call for enhanced AML/CFT controls, the obligation of FIU is complemented with the existing third cycle of the National Strategy. As it is fully endorsed by the National Anti-Money Laundering

Committee, it will undeniably provide proper steer for Brunei Darussalam within the next few years leading up to the 2020 Mutual Evaluation. In addition, strategic initiative to intensify the position of FIU is mirrored in the Financial Sector Blueprint 2016-2025, specifically in the first pillar of monetary and financial stability. On this matter, the FIU has progressed in the set-up of its AML/CFT Supervision Unit to be primarily responsible for AML/CFT compliance, in line with the Financial Action Task Force (FATF) standards. In upholding buoyant and robust regulatory standards, FIU will continue to make AML/CFT a priority.

Close cooperation is of vital importance to identify proceeds of crime and the network of assets and entities linked to it. Looking towards the Mutual Evaluation for Brunei Darussalam in 2020, the FIU will continue to foster close relationships with other intelligence agencies, law enforcement agencies and reporting entities – both domestically as well as internationally. The objective does not end here, but rather for constant determination in creating a financial system that is effective against the abuse of money laundering and financing of terrorism. Hopefully this report would be valuable for readers, fostering knowledge and familiarity into the FIU.

I am certain the FIU will continue to broaden their competence and expertise as the core agency in Brunei Darussalam to combat against money laundering and financing of terrorism.

Thank you.

Foreword by Head of FIU



Hajah Nuralia binti Haji Abd Rahim
Head of FIU

Assalamualaikum Warahmatullahi Wabarakatuh

Continuing on from the momentum of the previous year, 2017 marked substantial developments in Brunei Darussalam's AML/CFT regime. Of special mention is the exit of Brunei Darussalam from the Asia/Pacific Group on Money Laundering transitional follow-up process, which will boost efforts towards further improving the AML/CFT regime in preparation for the upcoming Mutual Evaluation.

An outcome of Brunei Darussalam's National Risk Assessment on Money Laundering and Terrorism Financing raised the need for a more effective supervisory regime. As a result, the FIU's mandate was expanded to include risk-based supervision of reporting entities' compliance towards AML/CFT requirements. High standards of AML/CFT measures from reporting entities' plays a vital role in an efficient national AML/CFT regime.

Undertaking this additional function supplements the FIU's main Analysis function – as enhanced supervisory practices will lead to higher levels of compliance from the reporting entities, including better monitoring processes and detection of suspicious transactions. In the first quarter of the year, the FIU issued a guidance paper to its reporting entities on suspicious transaction reports (STRs) to improve the identification of suspicious transactions and to provide clarification on the requirement to report such transactions. By the end of the year, the FIU had recorded the highest total number of STRs filed in comparison to previous reporting years.

The FIU has an important role in providing valuable financial intelligence to assist the conduct of investigations, which resulted in the recording of three successful Money Laundering convictions. Moving forward, the FIU aims to produce more operational and strategic intelligence reports to assist the relevant agencies in ML/TF investigations, and to keep providing constructive and timely information when requested. This is supplemented by further practical training and enhancement of FIU analysts to develop their analytical skills and intelligence capabilities.

Close cooperation with our foreign partners is a necessity. The FIU signed a memorandum of understanding with the Cambodia FIU, facilitating the exchange of financial intelligence between the two parties. Operationally, the FIU collaborates with its regional allies through its membership in the Financial Intelligence Consultative Group (FICG) and has participated in two FICG projects, namely the Regional Risk Assessment on Non-Profit Organisations and Terrorism Financing, and the Cross-Border Cash Movements Regional Intelligence Assessment - both projects were endorsed during the third CTF Summit, held in 2017. Through this network, the FIU has benefitted from training with assistance from the Australian Transaction Reports and Analysis Centre (AUSTRAC).

Additionally, the FIU continues to heighten levels of AML/CFT awareness and capabilities. The FIU organised Brunei Darussalam's first CTF Conference in November 2017, bridging international experts and relevant domestic agencies and the private sector together to discuss on current TF issues. Prior to that, a workshop was held to increase awareness on TF matters and compliance to FATF standards.

This is the FIU's second production of its annual report, and I hope its contents and our achievements this year will be of interest to you, as well as promote an understanding of the FIU's functions.

Thank you.

Launch of Inaugural FIU Annual Report



In commemoration of the FIU's 10th anniversary, His Royal Highness Prince Haji Al-Muhtadee Billah ibni Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah, Crown Prince and Senior Minister at the Prime Minister's Office, and Chairman of the Board of Directors of AMBD officiated the first annual report published and launched by the FIU on 2 August 2017.

The report included highlights on the progress and achievements accomplished by the FIU since its establishment in 2007, and was aimed at promoting awareness and understanding of the functions and obligations of the FIU within Brunei Darussalam's Anti-Money Laundering and Combating the Financing of Terrorism regime to the public.



About the Financial Intelligence Unit

About the Financial Intelligence Unit

Brunei Darussalam established its Financial Intelligence Unit (FIU) in February 2007 under the Financial Institutions Division, Ministry of Finance. On 1 January 2011, the FIU was absorbed by Autoriti Monetari Brunei Darussalam (AMBD), a statutory body which acts as the Central Bank of Brunei Darussalam.

With the powers accorded by the Criminal Asset Recovery Order, 2012 (CARO), the Anti-Terrorism Order, 2011 (ATO), and the Anti-Terrorism (Terrorist Financing) Regulations, 2013, the FIU assumes a pivotal role in the fight against money laundering (ML), terrorism financing (TF), and other financial crimes through execution of its primary functions:



Analysis

As the agency responsible for receiving, requesting, and analysing information concerning suspected proceeds of crime, ML, TF, and other serious offences, the FIU provides financial intelligence and information to various partner agencies, both domestic and foreign.



NAMLC Secretariat

As the Secretariat to the National Anti-Money Laundering and Combating the Financing of Terrorism Committee (NAMLC), the FIU actively monitors Brunei Darussalam's compliance towards international Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) standards outlined by the Financial Action Task Force (FATF) Recommendations.



Supervision

A dedicated AML/CFT Supervision Unit was set up as part of the action plan from the National Risk Assessment (NRA). The primary aim of this unit is to monitor reporting entities' compliance towards their AML/CFT obligations on a risk-based approach. Supervisors also ensure Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs) understand their ML/TF risks and develop methods to mitigate those risks.

Vision

To be recognised as an effective financial intelligence provider and partner in detecting and deterring financial crimes including ML, TF and financing of proliferation of weapons of mass destruction.

Mission

To obtain substantial level of effectiveness for AMBD-related FATF Outcomes in Brunei Darussalam's 2020 Mutual Evaluation.

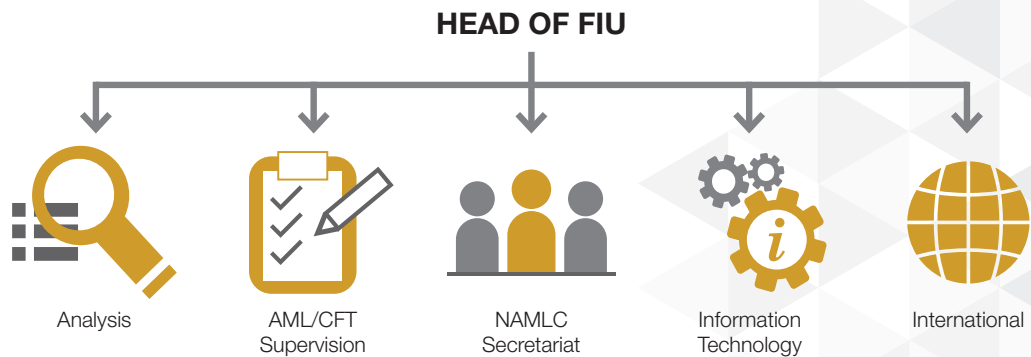
Immediate Outcome 3: Supervisors appropriately supervise, monitor and regulate FIs and DNFBPs for compliance with AML/CFT requirements commensurate with their risks.

Immediate Outcome 4: FIs and DNFBPs adequately apply AML/CFT preventive measures commensurate with their risks, and report suspicious transactions.

Immediate Outcome 6: Financial intelligence and all other relevant information are appropriately used by competent authorities for ML and TF investigations.

Immediate Outcome 11: Persons and entities involved in the proliferation of weapons of mass destruction are prevented from raising, moving and using funds, consistent with the relevant United Nations Security Council Resolutions (UNSCRs).

Organisational Structure



2017 Achievements

1 March

Submission of Country Status Report to the Asia/Pacific Group on Money Laundering

28 March

Issuance of a guidance paper on Suspicious Transaction Reports to financial institutions

1 April

Commencement of the National Strategy on Anti-Money Laundering and Combating the Financing of Terrorism 2017-2019



13 September

Counter-Terrorism Financing Workshop

27 September

Signing of Memorandum of Understanding with Cambodia Financial Intelligence Unit

2 November

National Anti-Money Laundering and Combating the Financing of Terrorism Meeting no. 19

21 November

Submission of the Biennial Census to The Egmont Group

16-26 May

Upgrade of Integrated Financial Intelligence System

26 May

Anti-Money Laundering and Combating the Financing of Terrorism awareness program to the Money Changer and Remittance Sector

17-21 July

Brunei Darussalam's exit from the Transitional Follow-Up Process at the APG Annual Meeting in Colombo, Sri Lanka

2 August

Launch of the inaugural FIU Annual Report 2016



20-23 November

Counter-Terrorism Financing Summit in Kuala Lumpur, Malaysia

28 November

Inaugural conference on Counter-Terrorism Financing

7 December

Outreach to dealers in precious metals, precious stones and jewellery on cash transaction reporting requirements

Anti-Money Laundering
and Combating the
Financing of Terrorism
(AML/CFT) Regime in
Brunei Darussalam

Legal and Regulatory Framework

Criminal Asset Recovery Order, 2012

The Criminal Asset Recovery Order, 2012 (CARO), was enacted on 16 June 2012. CARO is the primary statute governing the AML/CFT regime in Brunei Darussalam.

Under Section 3 of the CARO,

Any person who commits the offence of money laundering and knows or has reasonable grounds to believe or suspect that it is derived or realised directly or indirectly from the commission of an unlawful activity or fails to take reasonable steps to ascertain whether or not the property is proceeds of crime, is liable on conviction to a **fine not exceeding \$500,000, imprisonment for a term not exceeding 10 years** or both, and in the case of a **body corporate** to a **fine not exceeding \$1,000,000.**

The various parts of the CARO are:

Part I:	Preliminary
Part II:	Money Laundering (Offences)
Part III:	Cross-Border Movements of Physical Currency and Bearer Negotiable Instruments
Part IV:	Restraining Orders, Confiscation Orders, Benefit Recovery Orders, Non-Conviction Based Forfeiture Orders and Unexplained Wealth Declarations
Part V:	Foreign Orders
Part VI:	Powers of Investigations
Part VII:	Prosecution and Trial of Offences
Part VIII:	General

The legislation is applicable to a wide range of authorities and agencies relevant to AML/CFT.

Functions and powers of the FIU under the CARO include the following:



Receive suspicious transaction reports (STRs) and cash transaction reports (CTRs) from the reporting institutions



Analyse the STRs and CTRs



Disseminate the results of the analysis to competent authorities



Issue guidelines in relation to customer identification, record keeping and reporting obligations, and the identification of suspicious transactions



Provide training programs for FIs and DNFBPs in relation to customer identification, record keeping and reporting obligations, and the identification of suspicious transactions



Conduct research into trends and developments in the area of ML and TF and improved ways of detecting, preventing and deterring ML and TF activities



Educate the public and creating awareness on matters relating to ML and TF



Liaise with, and enter into any agreement with, any foreign government institution or agency, or any international organisation, regarding the exchange of information

Anti-Terrorism Order, 2011

The Anti-Terrorism Order, 2011 (ATO) was enacted on 18 July 2011. The ATO criminalises various TF offences in Sections 4 to 7:

- Section 4: Provision or collection of property to commit terrorist acts, for terrorist group or terrorist.
- Section 5: Provision of services for commission of terrorist acts
- Section 6: Use of property for commission of terrorist acts
- Section 7: Arrangement for acquisition, retention or control of terrorist property

PENALTY: A fine not exceeding \$5,000,000, imprisonment for a term not exceeding 30 years or both.

Under the ATO, the FIU has the power to receive STRs relating to terrorism and TF from FIs and DNFBPs whereby the ATO imposes a legal obligation on all FIs and DNFBPs to report suspicious transactions related to terrorism and TF to the FIU.

Anti-Terrorism (Terrorist Financing) Regulations, 2013

The Anti-Terrorism (Terrorist Financing) Regulations, 2013 (ATF), became effective on 8 December 2012.

The ATF requires every person in Brunei Darussalam and citizens of Brunei Darussalam outside of Brunei Darussalam to freeze without delay funds or other assets of, and to ensure that no funds or other assets are made available, directly or indirectly, to or for the benefit of, any person or entity either (i) designated by the United Nations Security Council in accordance with Resolution 1267, 1988 and its successor Resolutions; or (ii) designated by Brunei Darussalam pursuant to Resolution 1373.

Under these regulations FIs and DNFBPs are required to report to AMBD through the FIU if they suspect the following:

- A person is a designated person;
- A person is dealing or has dealt with property owned, held or controlled by a designated person; or
- A person is making or has made property or financial services available for the benefit of a designated person.

STR Guidelines

On 28 March 2017, FIU issued a guidance paper on STR to improve the identification and understanding of suspicious transactions and to provide clarification on the requirement to report STRs.

Features:



Legal obligation to report STRs



Entities required to report STRs



Identifying suspicious transactions



Information to include in an STR



Tipping Off



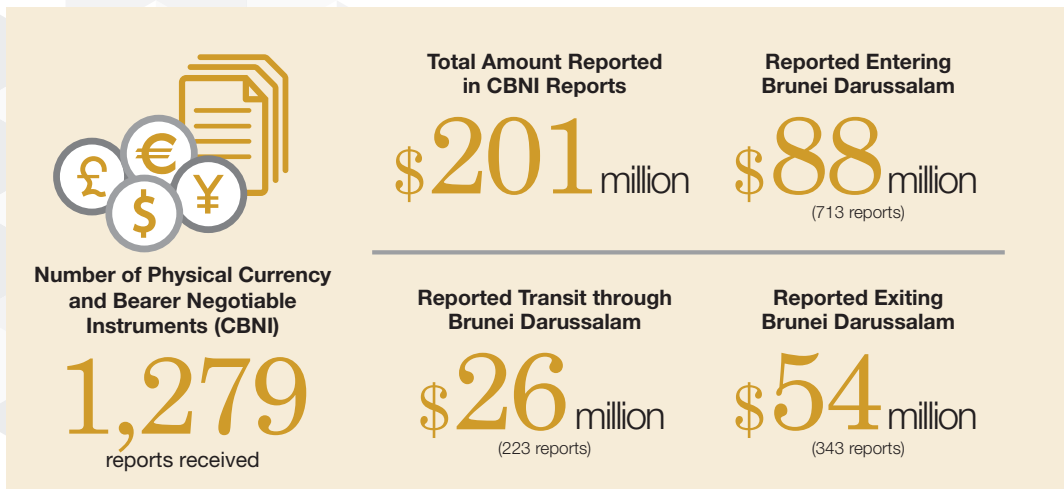
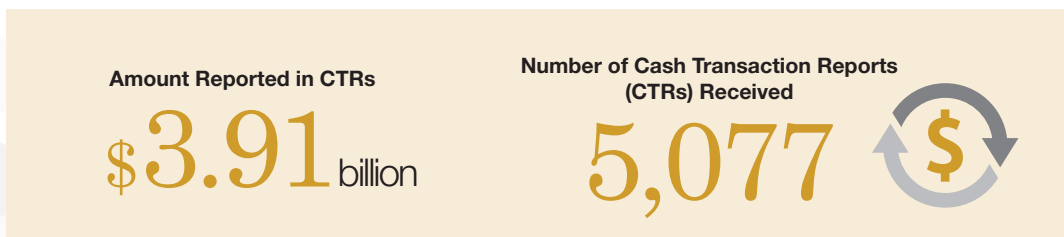
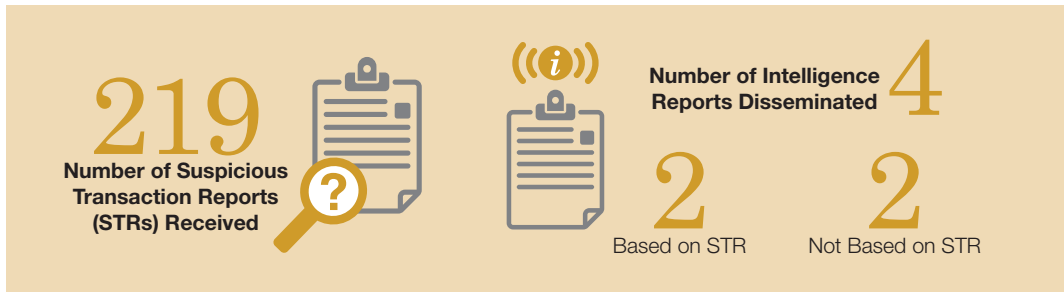
Failure to submit STRs



Feedback

Analysis & Intelligence

HIGHLIGHTS OF 2017

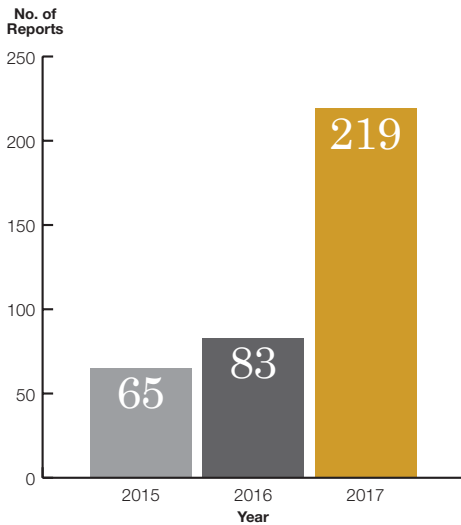


STATISTICS & TRENDS

Suspicious Transaction Report

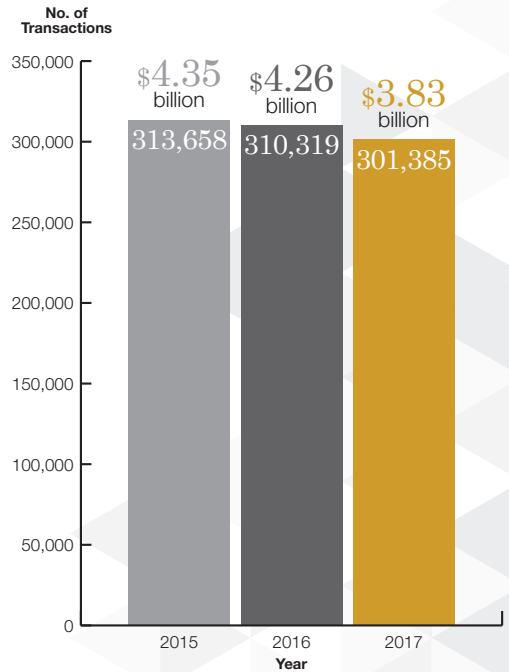
An STR is filed whenever a transaction(s) or attempted transaction(s) are found to be suspected of involvement in a serious offence. A serious offence is any offence that is committed for which the penalty is not less than \$1,000 or a more severe penalty. This includes offences of ML, TF and other serious offences.

In 2017, the FIU received the highest number of STRs filed since reporting began in 2008. The increase can be attributed to a rise in the number of reports filed by local banks that have improved their monitoring and detection of suspicious activities related to predicate crimes.



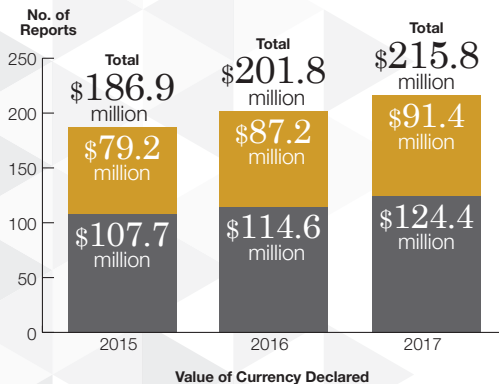
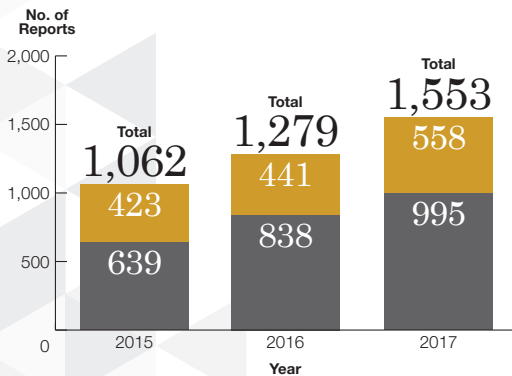
Cash Transaction Report

A CTR is made on any cash transaction(s) amounting to \$15,000 or more, or the equivalent in foreign currency conducted within a day. The CTR requirement was first implemented in June 2014. CTRs are submitted by FIs, DNFBPs and motor vehicle dealers who are registered as reporting entities. CTRs are submitted directly to the FIU through the Integrated Financial Intelligence System (IFIS).



Physical Currency and Bearer Negotiable Instruments (CBNI) Report

The CBNI reporting requirement was first implemented in August 2011. A CBNI report is filed by a person carrying \$15,000 or more, or the equivalent in foreign currency across Brunei Darussalam borders.



Travellers **Arriving** in Brunei Darussalam
 Travellers **Departing** from Brunei Darussalam

Failure to submit a CBNI report is an offence under Section 37 of CARO. If convicted, a person is liable to a fine not exceeding \$50,000 or imprisonment for a term not exceeding 3 years or both.

In 2017, the Regional Intelligence Assessment of TF Through Cross-Border Cash Movements (CBM) report was published by the Financial Intelligence Consultative Group (FICG) under the auspices of the Counter-Terrorism Financing (CTF) Summit in Kuala Lumpur, Malaysia. The report highlighted that TF-related cross-border movement of cash within the Southeast Asia and Oceania region relates to the provision of services or logistical support to local or regional terrorist groups. Locations considered high-risk include either land and sea borders with limited government control or key transit points with large passenger movements.

The FIU collaborates with its regional partners through the FICG to increase effectiveness of detection and prevention of TF related cross-border movement of cash.

TYOLOGY

In 2017, there was a total of three (3) successful ML convictions. This typology is a reflection of one of these cases.

INVESTMENT SCAM

BACKGROUND

X was charged with 20 offences of ML and 17 offences of cheating several individuals between February 2015 to October 2016 by offering a fake investment scheme. The Commercial Crime Investigation Division, Royal Brunei Police Force (RBPF) found X had cheated a total of \$147,581 from several victims. The FIU provided information relating to the transfer of some of the funds to a person in a foreign country. The FIU found a total of \$148,011 was transferred in 81 transactions from Brunei to a foreign country between July 2015 to October 2016. X was charged on 8 April 2017 and was later sentenced to 2 years imprisonment for the ML charges and 3 years imprisonment for the cheating charges.

MODUS OPERANDI

Generally, victims were approached through face-to-face networking of X's friends, former colleagues or through another person. There was no information to suggest that non-face-to-face networking through social media or internet applications were utilised to find victims.

Victims were informed that:

1. They would be investing, sometimes in charitable programmes.
2. They would receive monthly investment profits 5 to 10 times the initial investment amount for their lifetime.
3. They would receive other returns such as gold, cars or pilgrimage travel packages.



Management of Information

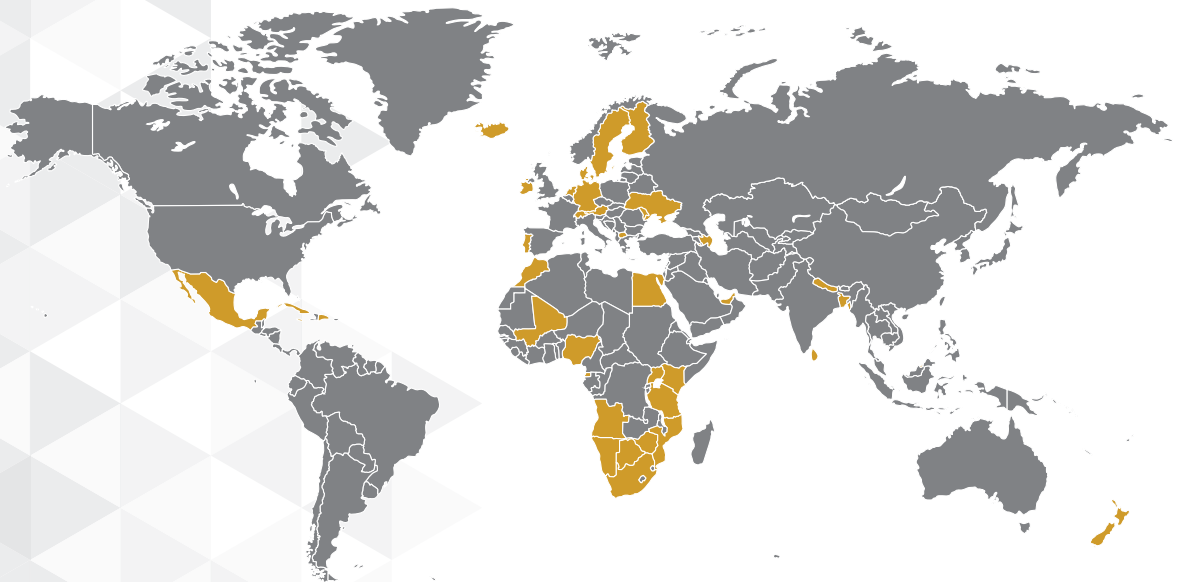
Integrated Financial Intelligence System (IFIS)

IFIS is a secure online reporting facility for the submission of reports to the FIU. This system is the main platform for receiving, analysing and storing of reports and information such as STRs, CTRs, CBNi reports and Requests for Information (RFIs).

IFIS is also a web-based platform for real-time data transmission that improves the efficiency of data management and ensures the timeliness of feedback to the reporting entities. It also provides a database and analysis tool that allows for efficient analysis and will aid in preparing comprehensive reports for law enforcement agencies to assist in their investigations.

IFIS utilises the latest version of goAML, an Anti-Money Laundering system, developed by the United Nations Office on Drugs and Crime (UNODC). To date, goAML has been adapted by more than 40 FIUs across the globe. It is equipped with the latest technology and a secure network infrastructure, which provides a secure online communication platform between the FIU, reporting entities and stakeholders.

Since the launch of IFIS on 12 June 2014, the FIU no longer accepts any report submissions in the form of hard copies.



■ Countries utilising the goAML system

2017 IFIS Timeline

January

IFIS Upgrade
Test Environment

February

IFIS Upgrade
Production Environment

May

UNODC Mission
The refresher course on the latest version of IFIS was delivered by a representative from UNODC, and was attended by the FIU and the AMBD IT Infrastructure team.



December

Briefing to Dealers in Precious Metals, Precious Stones and Jewellery on CTR reporting and registration of entities to IFIS

Did you know?

As of 31 December 2017, there are 187 active organisations and 358 active users registered to IFIS.

Supervision

Effective AML/CFT Supervision is required to ensure controls are set in place and are being implemented by FIs and DNFBPs to prevent and detect financial crimes including ML and TF. As part of the priorities identified through the national risk assessment, a dedicated AML/CFT Supervision Unit has been set up under the FIU to streamline the responsibilities within AMBD and enhance supervisory focus on AML/CFT.

The primary aim of this unit is to monitor reporting entities' compliance towards their AML/CFT obligations on a risk-based approach.



2017 highlights of the Supervision unit:



Engaged an AML consultant



Hiring of new staff

AML/CFT Supervision:



Identify and understand AML/CFT risks in different sectors and institutions within them



Risk-Based Supervision – extent and frequency of supervision depends on risks identified



Remedial action policy and procedure for non-compliance

National Coordination

National Anti-Money Laundering and Combating the Financing of Terrorism Committee (NAMLC)

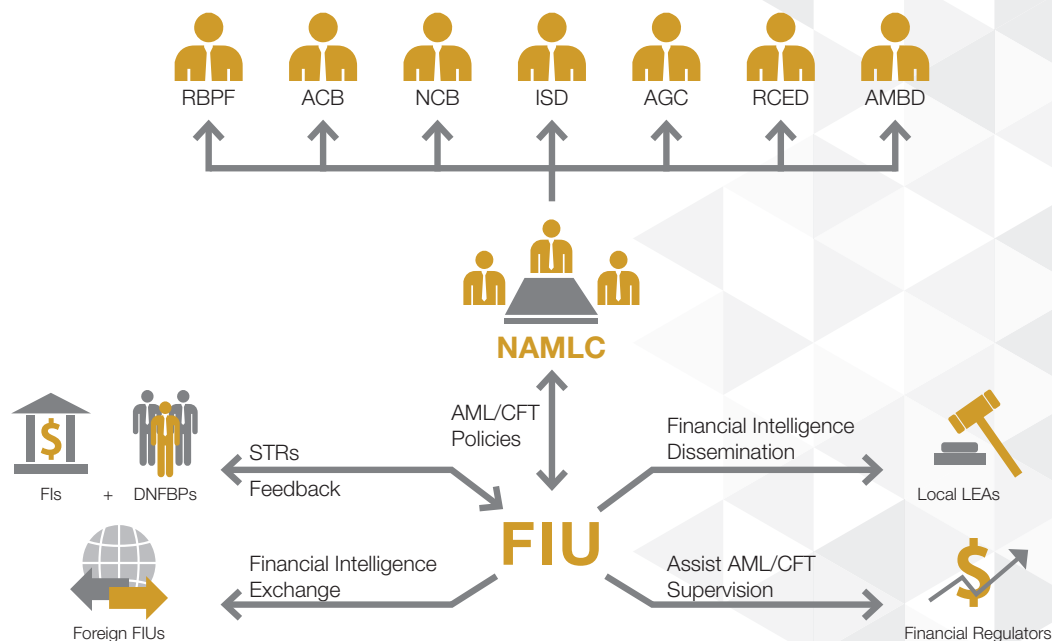
The NAMLC serves as a mechanism for relevant domestic competent authorities to coordinate, implement and monitor the development and implementation of national AML/CFT initiatives. As a strategic body, NAMLC formulates policies and provides advisory roles and strategic directions to relevant agencies. NAMLC directs working level objectives to address operational issues and to work closely with various stakeholders to maintain the integrity and robustness of the country's AML/CFT regime by exchanging information with law enforcement agencies (LEAs), other competent authorities as well as FIs and DNFBPs.

NAMLC is jointly co-chaired by the Permanent Secretary, Prime Minister's Office and the Permanent Secretary, Ministry of Finance.* The FIU acts as the Secretariat to NAMLC, of which members consist of:

- Commissioner of Police, Royal Brunei Police Force (RBPF) as Deputy Co-Chair
- Managing Director, AMBD as Deputy Co-Chair

- Deputy Managing Director (Regulatory Department), AMBD
- Deputy Commissioner of Police or Director of Criminal Investigation Department, RBPF
- Director or Deputy Director, Anti-Corruption Bureau (ACB)
- Director or Deputy Director, Narcotics Control Bureau (NCB)
- Director or Deputy Director, Internal Security Department (ISD)
- Solicitor General or Principal Counsel, Attorney General's Chambers (AGC)
- Controller or Deputy Controller, Royal Customs and Excise Department (RCED)

The 19th NAMLC meeting was held on 2 November 2017. The Committee discussed the National AML/CFT Strategy for the period of 2017-2019. This third cycle of National Strategies consists of seven (7) objectives and detailed action points, which are based on the findings of Brunei Darussalam's National Risk Assessment on ML and TF conducted in 2016. The aim of the National Strategy is to set out key focus areas to improve Brunei Darussalam's AML/CFT regime in preparation for the Mutual Evaluation in 2020.



* NAMLC structure has been revised on 10 May 2018.

National Strategy on AML/CFT 2017-2019

The aim of this strategy document is to set out:

- The commitment of the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam in preventing and detecting ML, TF and financing of proliferation of weapons of mass destruction;
- The responsibility of the NAMLC in overseeing the identified key focus areas; and
- The key focus areas to improve Brunei Darussalam's AML/CFT regime.

This Strategy is made up of the following seven (7) objectives:

NATIONAL STRATEGY OBJECTIVES

- 1 Developing a sound legal framework in line with international AML/CFT standards to prevent and combat ML/TF.
- 2 Developing a sound institutional framework to prevent and combat ML/TF.
- 3 Improving effectiveness of ML investigations and prosecutions.
- 4 Improving effectiveness of TF investigations and prosecutions.
- 5 Strengthening domestic and international cooperation.
- 6 Enhance enforcement and detection of cross-border movement of cash.
- 7 Improve reporting entities' compliance to AML/CFT international standards.

Financial Intelligence Unit and Banking Sector Update Meetings

The FIU organises biannual meetings with the compliance officers of banks and finance companies in Brunei Darussalam. These meetings serve as an information-sharing platform between the FIU and the compliance officers to discuss AML/CFT compliance issues and allows the FIU to provide feedback and awareness on the current trends in STRs.



Financial Intelligence Unit and Law Enforcement Agencies Update Meetings

To further strengthen the cooperation between the FIU and LEAs, the FIU holds meetings with LEAs on an ad hoc basis to discuss ongoing cases and share intelligence as well as bilateral meetings with the main investigating agencies to share findings and recent trends. These meetings also provide a platform for LEAs to give feedback on information previously shared by the FIU, which helps foster deeper understanding and cooperation between the FIU and its stakeholders.



FIU



LEAs

International Cooperation

ASIA/PACIFIC GROUP ON MONEY LAUNDERING (APG)



20th APG Annual Meeting, Colombo, Sri Lanka

Brunei Darussalam has been a member of APG since December 2002, with the FIU as the main contact point. The APG is an autonomous and collaborative international organisation, founded in 1997 in Bangkok, with 41 members and a number of international and regional observers committed to the effective implementation and enforcement of internationally accepted practices against ML and TF, particularly the 40 FATF Recommendations. APG Annual Meetings are conducted mainly to discuss the adoption of Mutual Evaluation (ME) Reports and follow-up progress reports from members.

From 17 to 21 July 2017, a delegation from Brunei Darussalam attended the 20th APG Annual Meeting held in Colombo, Sri Lanka, in which during the plenary sessions, the APG review team has agreed to the exit of Brunei Darussalam from the Transitional Follow-Up process.



The decision was based on the detailed progress report submitted to the APG on 1 March 2017, which demonstrated that **Brunei Darussalam has made significant progress in addressing the deficiencies identified during the ME process in 2010**. The ME is a periodic assessment or peer review, in which all members are subject to, in ensuring members are in compliance with the FATF Recommendations.

The 24th Egmont Group Plenary Macao SAR, China 2-7 July 2017



24th Egmont Plenary Meeting, Taipa, Macao

The Egmont Group – established in 1995 in Brussels, Belgium – is a global network of 155 FIUs working together to foster and improve international cooperation, provide a platform for the secure exchange of information related to combating ML and TF, and foster the implementation of domestic programs in the field of AML and CFT. Brunei Darussalam, through the FIU, has obtained an official membership of the Egmont Group in June 2014, thus fulfilling Recommendation 29 of the FATF, whereby FIUs around the globe are expected to become members of the Group.

In 2017, the FIU attended the Egmont Working Group and 24th Egmont Plenary Meeting, which were held on 30 January to 2 February in Doha, Qatar, and 2 to 7 July in Taipa, Macao, respectively. The meetings examined the challenges faced by FIUs around the world in areas of international cooperation, information sharing and development of financial intelligence related to combating ML, associated predicate offences and TF.



Egmont Working Group, Doha, Qatar

COUNTER-TERRORISM FINANCING (CTF) SUMMIT



Third CTF Summit, Kuala Lumpur, Malaysia

Since its first summit held in 2015 in Sydney, Australia, the CTF Summit has now developed into an annual meeting of FIUs within the Southeast Asian and Oceania regions, where discussions focusing on counter-terrorism and TF initiatives and disruption strategies are conducted. The FIU has also joined the Financial Intelligence Consultative Group (FICG) and International Community of Experts Forum (ICE) – two of the working groups of the CTF Summit – since 2016.

In 2017, the FIU attended the third CTF Summit, jointly hosted by Bank Negara Malaysia (BNM), Malaysia; Pusat Pelaporan Dan Analisis Transaksi Keuangan (PPATK), Indonesia; and the Australian Transaction Analysis Centre (AUSTRAC), Australia from 20 to 23 November, held in Kuala Lumpur, Malaysia. In addition to the Summit, the FIU has also attended the two working group meetings of FICG and ICE.

Financial Intelligence Consultative Group (FICG)

The FICG is an information exchange platform on financial intelligence to combat TF within the Southeast Asian and Oceania regions. In 2017, Brunei Darussalam has participated in and completed two FICG projects: the Regional Risk Assessment on Non-Profit Organisations and Terrorism Financing, and the Terrorism Financing through Cross-Border Cash Movements Regional Intelligence Assessment, which were successfully launched during the Summit.

The former focuses on TF targeted outreach and monitoring of identified Non-Profit Organisation (NPO) sub-sets at greatest risk of TF, and the development of a set of regional red flag indicators of high-risk NPO activity, while the latter report set out to minimise unreported movement of cash across borders and support enhanced cross-border cash movements (CBM) declaration data collection and monitoring capabilities, particularly within identified high-risk corridors within the region.

With the conclusion of the projects, Brunei Darussalam is now a participant of the Southeast Asia Counter-Terrorism Financing Working Group (SEACTFWG), which aims to develop appropriate work projects aimed at identifying ways to disrupt terrorist groups' sources, movements and use of funds and their overall financial networks in the Southeast Asian region.

FICG & ICE face-to-face meetings



Top: FICG Face-to-Face, Bogor, Indonesia, 29-31 March 2017.
Bottom: ICE Face-to-Face, Langkawi, Malaysia, 21-23 August 2017.

International Community of Experts (ICE)

ICE is a working group that connects IT experts and specialists from member countries together to create innovative technological solutions for the financial intelligence community. Brunei Darussalam, through ICE, contributed as judges to the first international FIU Codeathon held as a pre-Summit event.



FIU Codeathon, Kuala Lumpur, Malaysia

MEMORANDUM OF UNDERSTANDING (MOU) WITH CAMBODIA FINANCIAL INTELLIGENCE UNIT (CAFIU)



MOU Signing with CAFIU, Bandar Seri Begawan, Brunei Darussalam

The FIU signed an MOU with the Cambodia Financial Intelligence Unit, National Bank of Cambodia (CAFIU) in Bandar Seri Begawan on 27 September 2017.

The signing of the MOU showcases the strong commitment of both nations towards the global fight against ML and TF. Under the MOU, both nations have agreed to cooperate in the exchange of financial intelligence that may assist in the investigation and prosecution of persons suspected of ML and TF.

The MOU with CAFIU marks the fifth MOU signed by the FIU with other agencies, i.e. the FIUs of Malaysia, Indonesia, South Korea and Bangladesh.



Capacity Building



ASEAN Regional Risk Assessment Workshop

ASEAN REGIONAL RISK ASSESSMENT WORKSHOP

The FIU attended the ASEAN Regional Risk Assessment Workshop organised on 27 to 30 March 2017, in Busan, Republic of Korea. The objective of this workshop was to explore the implementation of actions arising out of the National Risk Assessments (NRA) conducted in each jurisdiction, and opportunities for regional solutions to cross-border risks.

The FIU shared Brunei Darussalam's NRA experience, focusing on the assessment findings relating to the risks associated with smuggling as well as TF. The event coincided with an AML/CFT training on domestic coordination and regional cooperation organised by the FATF Training and Research Institute (TREIN).

FIU ANALYSIS TRAINING PROGRAM

The Australian Transaction Reports and Analysis Centre (AUSTRAC) conducted an analysis training program, from 10 to 13 July 2017, to help enhance the analytical and financial intelligence capabilities of the FIU team. The workshop enabled officers from both agencies to exchange expertise and knowledge from one another, and strengthen the working relationship between AUSTRAC and the FIU. The program also included AUSTRAC's assistance in the development of appropriate frameworks to identify and develop future intelligence products.



FIU Analysis Training Program



International Compliance Association (ICA): Certificate in Anti-Money Laundering by the Centre for Islamic Banking, Finance and Management (CIBFM)

INTERNATIONAL COMPLIANCE ASSOCIATION (ICA): CERTIFICATE IN ANTI-MONEY LAUNDERING BY THE CENTRE FOR ISLAMIC BANKING, FINANCE AND MANAGEMENT (CIBFM)

The ICA Certification in Anti-Money Laundering (AML) was organised on 18 and 19 July 2017, by the CIBFM and International Compliance Training Academy (ICTA). The program is an introductory-level certification designed for those working in the AML compliance field, and was attended by the FIU and compliance officers from FIs in Brunei Darussalam.

Participants were provided insight into the current practices, legal and regulatory structures, vulnerabilities of financial institutions and the risk based approach to ML and TF. The FIU also contributed as speaker, briefing the participants on the AML/CFT regime and its developments in Brunei Darussalam.

WORKSHOP ON THE IMPLEMENTATION OF DESIGNATION OF PERSONS AND ENTITIES RELATED TO TERRORISM UNDER THE UNITED NATIONS SECURITY COUNCIL RESOLUTION (UNSCR) 1373

A delegation from Brunei Darussalam consisting of members from the FIU, Internal Security Department (ISD) and the National Security Committee (NSC) Secretariat attended a workshop held from 16 to 18 August 2017, organised by the Anti-Money Laundering Office (AMLO), Thailand. The objectives of the workshop were to enhance the understanding of ASEAN member states about the obligations of the UNSCR 1373, and effective procedures for designating persons and entities related to terrorism and terrorist financing. The workshop also enabled participants to share current procedures and best practices in implementing the UNSCR 1373 requirements, including legal framework, policies and procedures, designation processes for terrorists, information sharing and evidence gathering.



Workshop on the Implementation of Designation of Persons and Entities Related to Terrorism Under the UNSCR 1373



Egmont Group Strategic Analysis Course

EGMONT GROUP STRATEGIC ANALYSIS COURSE

The FIU participated in a Strategic Analysis Workshop held by the Egmont Group of FIUs on 23 to 27 October 2017 at Sasana Kijang, Kuala Lumpur, Malaysia. The aim of the workshop was to introduce the concept of strategic analysis, its nature and benefits and the range of possible products that can be employed through the stages of the strategic analysis cycle.

APG REGIONAL WORKSHOP ON THE EXPLOITATION OF NON-PROFIT ORGANISATIONS (NPOs) FOR TERRORIST FINANCE

The FIU attended the APG Regional Workshop on the Exploitation of NPOs for TF on 24 to 25 November 2017, hosted by Bank Negara Malaysia (BNM) at Lanai Kijang, Kuala Lumpur, Malaysia. The purpose of this workshop was to ensure that countries have the appropriate skills to effectively implement the legal and institutional frameworks required by the FATF Recommendation 8 and the Immediate Outcome 10 pertaining to NPOs to protect this sector from terrorists' exploitation.



APG Regional Workshop on the Exploitation of NPOs for TF

Events



COUNTER-TERRORISM FINANCING (CTF) WORKSHOP

On 13 September 2017, the FIU held a CTF Workshop, where the Director of Strategic Intelligence (AUSTRAC), Alistair Sands, was the invited speaker. With over 25 participants in attendance, the main objectives of the workshop were to deliver an understanding and enhance further awareness on terrorism and TF issues amongst relevant counter-terrorism domestic agencies, and make preparations leading up to the 2020 Mutual Evaluation.



COUNTER-TERRORISM FINANCING (CTF) CONFERENCE

The FIU organised the first CTF Conference in Brunei Darussalam, officiated by the Deputy Minister at the Prime Minister's Office, on 28 November 2017. The conference was attended by more than 150 participants from both government officials and private sector representatives. The themes covered during the conference included the CTF regime in Brunei Darussalam, the influence of social media, technological developments and the private sector on TF.



CASH TRANSACTION REPORT (CTR) SUBMISSION WORKSHOP TO DEALERS IN PRECIOUS METALS, PRECIOUS STONES AND JEWELRY

As part of the initiatives by the FIU on the implementation and raising awareness of the reporting requirements to the public, the FIU held a CTR submission workshop for dealers in precious metals, precious stones and jewellery on 7 December 2017. The workshop aimed to assist in ensuring complete and efficient reporting is done by the associated sector. Under Section 16 of CARO, dealers in high value goods are required to submit a report no later than 5 working days to the FIU, for any cash transaction amounting to or above the prescribed threshold, whether conducted in a single transaction or in connected multiple transactions. The implementation date for the reporting requirement for this sector was on 1 January 2018.

Acronyms

Acronym	Definition
ACB	Anti Corruption Bureau
AGC	Attorney General's Chambers
AMBD	Autoriti Monetari Brunei Darussalam
AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
APG	Asia/Pacific Group on Money Laundering
ATF	Anti-Terrorism (Terrorism Financing) Regulations, 2013
ATO	Anti-Terrorism Order, 2011
CARO	Criminal Asset Recovery Order, 2012
CBM	Cross-Border Cash Movements
CBNI	Physical Currency and Bearer Negotiable Instruments
CIBFM	Centre for Islamic, Banking, Finance and Management
CTR	Cash Transaction Report
DNFBP	Designated Non-Financial Businesses and Professions
FATF	Financial Action Task Force
FI	Financial Institution
FICG	Financial Intelligence Consultative Group
FIU	Financial Intelligence Unit
ICA	International Compliance Association
ICE	International Community of Experts
IFIS	Integrated Financial Intelligence System
ISD	Internal Security Department
LEA	Law Enforcement Agency
ME	Mutual Evaluation
ML	Money Laundering
MOU	Memorandum of Understanding
NAMLC	National Anti Money Laundering and Combating the Financing of Terrorism Committee
NCB	Narcotics Control Bureau
NPO	Non-Profit Organisation
NRA	National Risk Assessment
NSC	National Security Committee
RBPF	Royal Brunei Police Force
RCED	Royal Customs and Excise Department
RFI	Request for Information
SEACTFWG	Southeast Asia Counter-Terrorism Financing Working Group
STR	Suspicious Transaction Report
TF	Terrorism Financing
UNODC	United Nations Office on Drugs and Crime
UNSCR	United Nations Security Council Resolution

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