

## ***AML/CTF Compliance (AML/CTF Program) Rule (No. 1 of 2019)***

Made by the Governor of the Bank of Papua New Guinea under Section 73 of the *Anti-Money Laundering and Counter Terrorist Financing Act 2015* and it should be read in conjunction with the Note to the *AML/CTF Compliance (AML/CTF Program) Rule (No. 1 of 2019)*.

### **1 Name of instrument**

This instrument is the *Anti-Money Laundering and Counter Terrorist Financing Compliance (AML/CTF Program) Rule (No. 1 of 2018)*.

### **2 Commencement**

This instrument commences on the day the instrument is approved by the Governor of the Bank of Papua New Guinea.

### **3 Interpretation**

In this instrument, “**fit and proper person criteria**” means –

- (a) the person’s probity;
- (b) the person’s competence and soundness of judgment for fulfilling the responsibilities of the position;
- (c) the person’s diligence with which the person is fulfilling or likely to fulfil those responsibilities;
- (d) any evidence the person has committed or facilitated the commission of money laundering, terrorist financing, or an offence involving fraud or dishonesty; and
- (e) whether the person may be in a position to facilitate the commission of money laundering or terrorist financing.

### **4 AML/CTF program (fit and proper person criteria)**

A financial institution or DNFBP complies with its obligation under Section 7(3)(e) of the Act if its AML/CTF program provides for:

- (a) the vetting of a prospective employee by considering the fit and proper person criteria before employing the person;
- (b) the vetting of an existing employee, including where the employee is transferred or promoted in the financial institution or DNFBP, by:
  - (i) regularly evaluating the employee’s ongoing performance against the fit and proper person criteria; and

- (ii) establishing a system to manage any employee who fails, without reasonable excuse, to meet the fit and proper person criteria; and
- (c) the vetting of a prospective or existing employee having regard to the nature and level of money laundering and terrorist financing risk identified in its risk assessment.

**5 AML/CTF program (providing training to an employee)**

A financial institution or DNFBP complies with its obligation under Section 7(3)(f) of the Act if its AML/CTF program provides for training of its employees engaged in AML/CTF related duties:

- (a) at appropriate levels for employees at all levels throughout the organisation;
- (b) at appropriate intervals having regard to the nature and level of money laundering and terrorist financing risk identified in its risk assessment;
- (c) that will enable the employees to understand:
  - (i) the obligations of the financial institution or DNFBP under the Act;
  - (ii) the consequences of non-compliance with the Act;
  - (iii) the type of money laundering and terrorist financing risk that the financial institution or DNFBP might face and the potential consequences of such risk; and
  - (iv) the procedures, policies and controls provided for by the financial institution's or DNFBP's AML/CTF program that are relevant to the work carried out by the employee.

**6 Addressing deficiencies in a risk assessment and AML/CTF program (Section 9)**

A financial institution or DNFBP complies with its obligation under Section 9(1)(b) of the Act to address any deficiencies in the effectiveness of its risk assessment and AML/CTF program if it takes into account any recommendations to that assessment and program made by:

- (a) the financial institution or DNFBP;
- (b) an external auditor engaged under Section 9(2);
- (c) an external auditor appointed by FASU under Section 10; and
- (d) FASU.

Approved by the Governor of the Bank of Papua New Guinea under the *Anti-Money Laundering and Counter Terrorist Financing Act 2015*.



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Signature

Dated this 20<sup>th</sup> day of MAY, 2019.