

**National Strategy for Preventing Money Laundering
and Combating Financing of Terrorism
2011-2013**



The People's Republic of Bangladesh

National Strategy for Preventing Money Laundering
and Combating Financing of Terrorism
2011-2013



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VISION

MISSION

STRATEGIC OBJECTIVE

STRATEGIES

ACTION

MONITORING & CONTROL

WORKING COMMITTEE ASSESSMENT

Foreword



This AML/CFT strategy document of the government of Bangladesh is the outcome of extensive brainstorming in consultation sessions of relevant stakeholders from different ministries/departments/enforcement agencies and the Bangladesh Bank. The objective of this strategy paper is to set comprehensive medium term goals, objectives and action agenda in strengthening the country's AML/CFT capacities and facilities for full implementation of the pertinent UN Conventions and Resolutions. The objective also encompasses setting up of institutional procedures and practices in close convergence with international best practices and standards set by FATF and FATF style regional bodies.

In identifying the AML/CFT threats that Bangladesh may face going forward, this strategic planning initiative has made use of APG's Mutual Evaluation Report and our own self assessment exercises, besides stakeholder consultations. After setting the medium term AML/CFT vision and mission for Bangladesh, the document identifies 12 strategic objectives to be attained. It further allocates implementation responsibilities for the concerned ministries / departments / agencies with time lines, also identifying the likely implementation challenges.

I believe the thoughts and efforts put in by concerned stakeholder authorities in drawing up this strategy document has sharpened their vision and focus on AML/CFT issues, and therefore I hope this document will go a long way in upgrading of our AML/CFT regime to one among the best in our region.

A handwritten signature in white ink on a blue background. The signature is cursive and appears to read 'Abul Muhith'.

Abul Maal Abdul Muhith
Finance Minister
Government of the People's Republic of Bangladesh

Preface

Bangladesh government is highly committed to prevent money laundering and terrorist financing. This 'National Strategy for Preventing Money Laundering and Combating Financing of Terrorism 2011-2013' - has been formulated to combat these vices. The Strategy has been set against the backdrop of a need to implement AML/CFT standards as embodied in the Money Laundering Prevention Act, Anti-Terrorism Act, the FATF 40 + 9 recommendations and UN conventions.

Strategies drawn in this paper have to a large extent been drawn from the findings of the Mutual Evaluation Report (MER) of Asia Pacific Group on Money Laundering (APG) as well as self assessment conducted on existing anti money laundering (AML) and combating financing of terrorism (CFT) regime in Bangladesh. It recognizes the necessity of involvement of all parties or stakeholders role in the process of developing and implementing the goals of the strategies. In the development stage comments/suggestions from all stakeholders namely ministries, regulators, reporting agencies, civil societies, media, academia, research institutions, private sector, cooperating partners and the general public have been considered.

The Strategy paper consists of twelve strategies and each strategy contains expected outcome, challenges, actions needed, and supporting legal framework and identifies agencies responsible for implementing the strategies. The Action Plan as annexed with this paper that summarizes the action needed, plans, strategies, sources of budget and the time frame needed to accomplish the goals.

For effective implementation of the National Strategy, it is important for each responsible agency to prepare their own time bound implementation plan for activities they are responsible for. It is also important to have a well coordination and proper reporting system to make the implementation plan achievable. Responsible agencies are required to report the progress, problem faced during implementation etc. periodically to the National Coordination Committee on AML/CFT. The identified problems or difficulties in implementing the action plans will be addressed and dealt with by the 'Working Committee' according to the direction of the National Coordination Committee. Besides, any kind of inter agency coordination and collective effort needed to implement these strategies will also be looked after by the Working Committee. Furthermore, 'Primary Contact Point' of respective ministry/agency will coordinate and remain updated about the progress of the implementation efforts of the concerned ministry/ agency.

The Strategy paper reflects a national commitment to a coordinated and effective effort to fight against money laundering and terrorist financing. Considering the evolving nature and typology of money laundering and terrorist financing, the Strategy is a dynamic one. It will be reviewed periodically and updated accordingly.

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Background

- > Bangladesh is a founding member of the Asia Pacific Group on Money Laundering (APG) and has been participating in its annual plenary meetings since 1997. APG is a FATF style regional body that enforces international standards on AML/CFT in Asia Pacific region. As a member of the APG, Bangladesh is committed to implement FATF's recommendations. Subsequently, Bangladesh in line with these recommendations promulgated Money Laundering Prevention Act (MLPA), 2002 which came into force on 30 April, 2002.
- > Since 9/11 terrorist attacks in USA, AML/CFT initiatives have been emphasized all over the world. In the process of responding to international concern, Bangladesh Government has formed a central and regional taskforce on 27 January, 2002 to combat money laundering and illegal Hundi activities in Bangladesh.
- > Bangladesh was the first among South Asian countries to enact MLPA. In order to implement MLPA, Bangladesh Bank has established a separate department named Anti Money Laundering Department (AML) in July, 2002.
- > The first Mutual Evaluation (ME) on Bangladesh was conducted by a joint team of World Bank and International Monetary Fund in October, 2002 and the report thereof was adopted by the APG in September, 2003. The first ME took place just after the enactment of the MLPA, 2002 which came into force on 30 April 2002. The 2002-03 assessment was undertaken prior to the revisions of the FATF 40 Recommendations and the FATF Assessment Methodology, 2002 was applied.
- > Bangladesh Bank (BB) issued Guidance Notes titled 'Guidance Notes on Prevention of Money Laundering' in 2003 for banks to enabling them to effectively understand and formulate separate guidance notes for themselves. Formulation of Guidance Notes for other reporting agencies is under process.
- > On May 16, 2007 Financial Intelligence Unit (FIU) was established in BB for exercising the power and shouldering the responsibilities, stated in the MLPA.
- > Self assessment and independent testing procedure system have been introduced for banks since March 24, 2008 in order to assess their own AML/CFT compliance. In addition, Bangladesh Bank has also been monitoring the same through a process called system check inspection.
- > Standardized KYC, Transaction Profile and Risk Grading of all customers have been introduced for rigorous Customer Due Diligence.
- > MLPA empowers the FIU to enter into agreements and arrangements with foreign FIUs to receive and request information in relation to money laundering offences or suspicious transactions. To facilitate exchange of information and intelligence Bangladesh FIU has already signed 10 (ten) MoUs with foreign FIUs and several other MoUs are under process.

- > To address the shortcomings of the MLPA, 2002 Money Laundering Prevention Ordinance (MLPO) was enacted in 2008 and subsequently the parliament repealed MLPO, 2008 with the acceptance of MLPA, 2009 (the salient features of MLPA, 2009 are discussed in next chapter)
- > To combat terrorism and terrorist financing Bangladesh has also enacted Anti Terrorism Act (ATA), 2009. The ATA tightens the terrorist financing in Bangladesh. The ATA authorizes the filing of suspicious transaction reports (STRs) related to TF. It also empowers the central bank to monitor suspected financial transactions related to TF and thus prohibits a person from possessing property or proceeds earned from terrorist activities. In accordance with the ATA, property or proceeds of terrorist activities are liable to be confiscated and forfeited to the government.
- > The 2nd round AML/CFT Mutual Evaluation of Bangladesh was conducted in August, 2008. The report was adopted by the APG Plenary in July, 2009. The Mutual Evaluation Report (MER) presents a comprehensive assessment of the progress and deficiencies of Bangladesh's AML/CFT situation and identifies the areas for further improvement.
- > As a part of its political commitment to combat ML and TF, the Government of Bangladesh has formally decided to implement the recommendations of the MER. In order to implement the recommendations of the 2nd MER Bangladesh Government has taken the following steps so far:
 - ▶ Constituted a National Coordination Committee on AML/CFT headed by the Honorable Minister for Ministry of Finance.
 - ▶ Constituted a Working Committee that consists of all regulatory authorities headed by the Secretary of Banking Division, MoF.
 - ▶ Conducted in-country Strategic Implementation Planning (SIP).
 - ▶ Issued a comprehensive circular for banks, non bank financial institutions, money changers and money remitters. The circular addressed the following issues:
 - ▣ The Customer Due Diligence (CDD) process including Enhanced Due Diligence (EDD)
 - ▣ Politically Exposed Persons (PEPs) related issue
 - ▣ Beneficial ownership
 - ▣ Shell Banks

- ▣ Correspondent Banking relationship
- ▣ Employee screening mechanism
- ▣ Reporting agencies
- ▣ Predicate offences
- ▣ Training and awareness

▶ ML and TF have been included in the schedule of Extradition Act, 1974 as extraditable offence

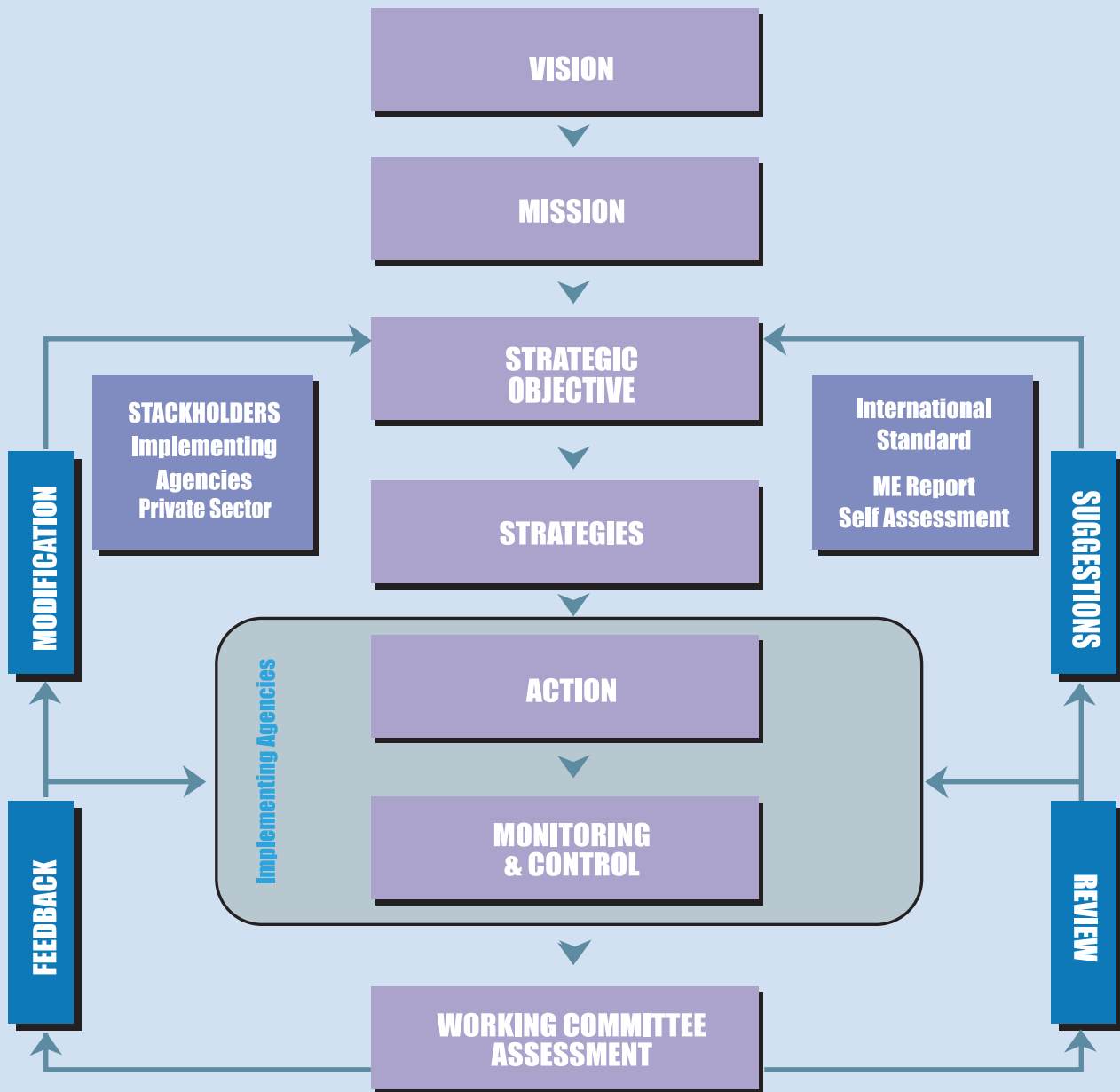
▶ Moreover, the following initiatives are in process:

- ▣ Amend the MLPA, 2009 and ATA, 2009
- ▣ Accession to Palermo Convention
- ▣ Enactment of Mutual Legal Assistance Act etc.

> Having 14 Non Complaint (NC) and Partially Compliant (PC) issues with regard to 16 Core & Key recommendations from the 2nd round of MER, Bangladesh is now in the International Cooperation Review Group (ICRG) process.

Following the ICRG process, Bangladesh has formulated a time bound National Action Plan and made high level political commitment to FATF for its full implementation. The Strategy is the part of the Action Plan.

The Process Flow of National Strategy



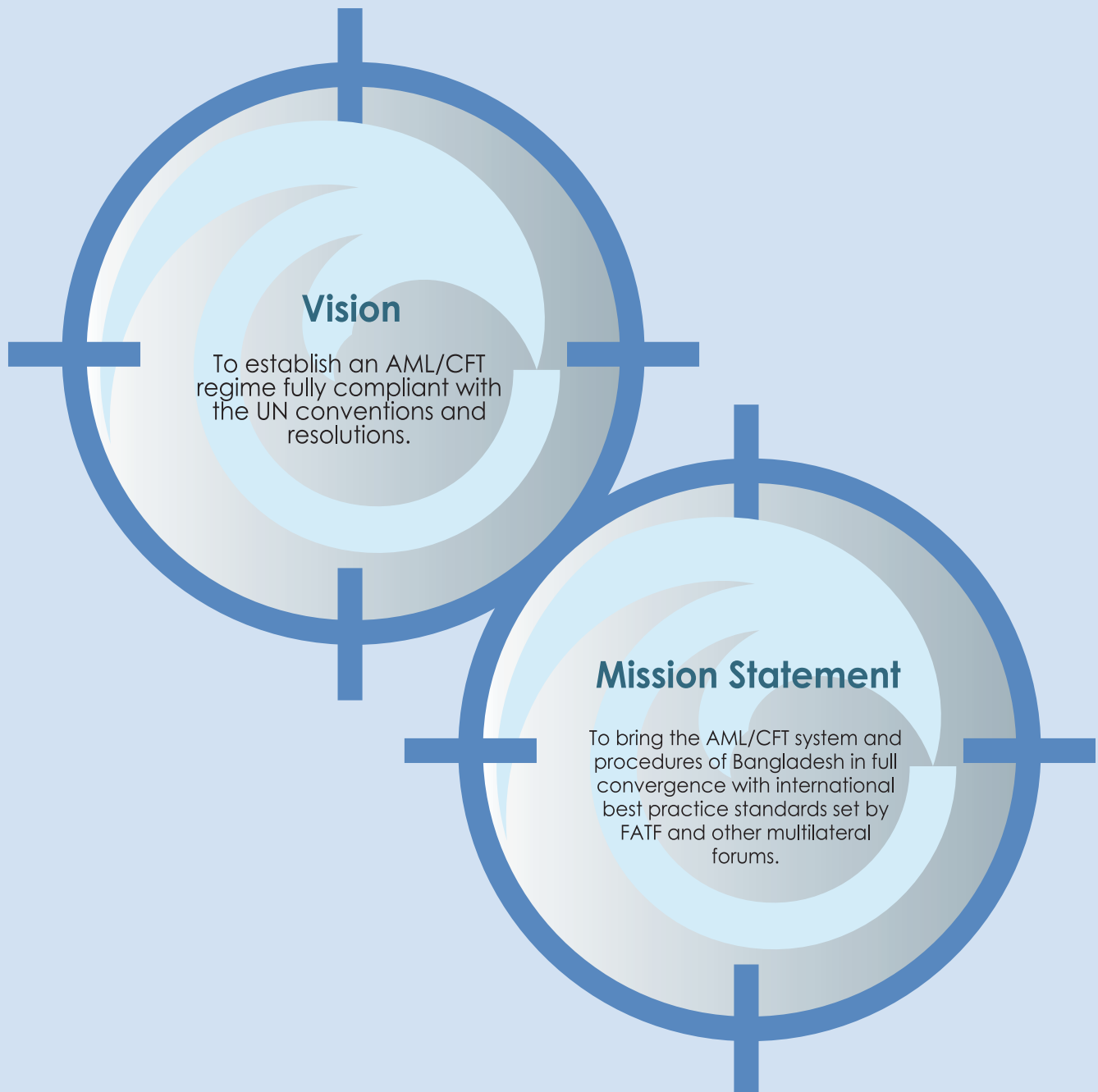


The Strategy

The Strategy

'National Strategy for Preventing Money Laundering and Combating Financing of Terrorism 2011-2013' (here is called 'the Strategy') identifies areas in which Government of Bangladesh (GoB) plans to work on further strengthening the country's AML/CFT framework, keeping in view the ML and TF threats that Bangladesh may confront in the years ahead. The strategy document sets the government's medium term agenda in updating of legislation towards full implementation of the relevant UN Conventions and Resolutions, and in upgrading of the implementation framework in closer convergence with international best practice standards set by FATF. In addition to identification of the areas needing improvements/changes, this strategy paper specifies the implementing agencies and the implementation time frames.

The Strategy



Strategic Objectives	Strategies
To prosecute ML/TF cases effectively under strong legal framework	Strengthening the AML/CFT legal framework
To establish international standard FIU	Enhancing effectiveness of the FIU
To establish a robust financial system which responds effectively to the risks of ML/TF	Enforcing compliance of all reporting agencies
To identify and address the emerging threats, methods and techniques of ML/TF	Structural improvement and capacity building in tracing out methods, techniques and channels of money laundering and terrorist financing
To reduce financial fraud and protect corporate involvement in ML/TF	Improving transparency in financial reporting on AML/CFT issues
To guard against identity theft including disguising true ownership of legal entities	Ensuring transparency in the ownership of legal entities
To convert cash based economy to financial intermediary based economy	Enhancing financial inclusion
To make available all statistics related to AML/CFT as and when needed	Maintaining a comprehensive AML/CFT database
To ensure seamless flow of information and ensure participation of all stakeholders on AML/CFT	Boosting national coordination both at policy and operational levels
To provide strong basis for cooperation among diplomatic, financial and law enforcement authorities worldwide	Developing and maintaining international and regional cooperation on AML/CFT
To sensitize people about the negative effects of ML/TF offences	Heightening public awareness
To guard against illicit flow of fund from home and abroad and also within the country	Stemming the illicit outflows and inflows of fund

Strategy 1 Strengthening the AML/CFT legal framework

The legal framework of AML and CFT are based on MLPA, 2009 and ATA, 2009 respectively but both acts lack in criminalizing ML and TF offences according to international standards. To make MLPA and ATA in line with international standards, amendment to these acts is needed. The amendment will include extending the scope of predicate offences criminalizing the acquisition, possession or use of property, and the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, extend property indirectly acquired from the commission of a predicate offence and to extend the TF offence to funds used by a terrorist individual or group. Considering the transnational nature of ML/TF, act relating to international cooperation like extradition and mutual legal assistance will be amended and enacted. Besides, AML/CFT legal framework is also supported by many other laws like Code of Criminal Procedures, Anti Terrorism Act, Anti Corruption Commission Act, Foreign Exchange Regulation Act, Customs Act, and Bankers' Book of Evidence Act. So, the amendment will be coherent with those acts.

Expected outcome

Strengthening the AML/CFT legal framework will assist effective prosecution of ML/TF cases and thus will reduce the menace of ML/TF.

Challenges

- Matching of international standards to local practices will be difficult.
- Multiple interpretation of international standard may not guide in the right way.
- Convergence of view points of multiple authorities including the legislators.

Strengthening the AML/CFT legal framework

SL No	Actions	Responsible Agencies	Timeframe	Budget	Supporting Law
1	Amend Money Laundering Prevention Act, 2009 in accordance with MER recommendations and international standards.	MoF MoLJ&PA BB	December, 2011	National Budget BB	MLPA, 2009 ATA, 2009 ACC Act, 2004 CPC, 1898
2	Amend Anti Terrorism Act, 2009 in accordance with MER recommendations and international standards.	MoHA MoLJ&PA BB	December, 2011	National Budget BB	
3	Make rules to implement MLPA and ATA.	MoF, MoHA ACC, BB	December, 2012	National Budget ACC, BB	
4	Enact Mutual Legal Assistance Act to enhance international cooperation on Money Laundering issues.	MoLJ&PA Attorney General's Office	December, 2011	National Budget	
5	Ratify the UN Convention against Transnational Organized Crime (Palermo Convention).	MoFA	June, 2011	National Budget	
6	Assign proper authority to implement sanction on property other than bank account under UNSCR1267 and 1373.	MoHA MoFA	March, 2012	National Budget	
7	Make a single and comprehensive rule to deal with identification, freezing and confiscation of proceeds and instrument used in ML or TF offences in line with international standards	MoLJ&PA Attorney General's Office ACC	December, 2012	National Budget ACC	

Strategy 2 Enhancing effectiveness of the FIU

Bangladesh FIU receives reports of suspicious transactions from reporting organizations, analyzes them, and disseminates the resulting intelligence to law-enforcement agencies to combat money laundering and terrorist financing. It also works on complaints lodged by any person or legal entity with the FIU, news related to ML/TF published in the mass media, information/intelligence provided by government agencies or other local or foreign agencies. The scope of its responsibilities is being widened by inclusion of issues related to financing of terrorism, in addition to money laundering and the related predicate offenses. Inclusion of securities market intermediaries and NPOs/NGOs further widened its responsibilities. Since its inception, it has been receiving very few STRs and facing difficulties in analyzing the STRs. The major impediments in performing its responsibilities are: absence of seamless flow of information, manual reporting and analysis of STRs, difficulties in retention of trained manpower and poor IT infrastructure etc.

Expected outcome

An effective FIU with international standard.

Challenges

- Allocation of resources
- Huge logistic support and financial involvement are required for the FIU
- Receiving quality STRs from reporting agencies
- Capacity building for other regulatory authorities and reporting agencies
- Development of human resources of FIU
- Back-up technology support (bandwidth, constant power supply etc.)

Ensuring the effectiveness of FIU

SL No	Actions	Responsible Agencies	Timeframe	Budget	Supporting Law
1	Re-design the organogram of FIU and assign jobs accordingly	BB	June, 2011	Not Required	MLPA, 2009 ATA , 2009 ACC Act, 2004 Relevant Circulars from Ministry of Finance
2	Conduct an independent IT assessment for creating database and procuring analytical tools	BB	June, 2011	BB	
3	Ensure sufficient logistics to facilitate online reporting of CTRs and STRs	BB Reporting Agencies	December, 2011	BB, Concerned Reporting Agencies	
4	Appoint an IT specialist to automate the FIU's jobs	BB	June, 2011	BB	
5	Carry out capacity building for other regulatory authorities and reporting agencies (infrastructural and analytical)	MoF, MoHA ACC, BB, SEC, IDRA, NGOAB	On going	National Budget, Concerned Regulatory Agencies, Concerned Reporting Agencies	
6	Establish a mechanism for the FIU to use and collect necessary information from the database and intelligence reports of other government agencies namely police, customs, immigration etc.	BB, DoIP Bangladesh Police Customs Authority	December, 2011	National Budget BB	
7	Procure appropriate hardware and software for analytical purposes	BB	December, 2011	BB	
8	Ensure competency and integrity of FIU staff through continuous training at home and abroad and through attachment program with foreign FIUs.	BB	On going	BB	
9	Sign further MOUs with other foreign FIUs for information sharing.	BB	On going	BB	

Strategy 3 Enforcing compliance of all reporting agencies

Reporting agencies are enumerated in Money Laundering Prevention Act, 2009 and subsequently, some more entities have been included as reporting agencies to cover all intermediaries of the financial sector through official gazette notification dated 30.09.2010 by Bangladesh Bank. Guidance framework has been issued to banks, NBFIs and money changers, whereas compliance level of the entities beyond banks is yet to meet the desired standard. Though the application of KYC and CDD requirements is mandatory for all the reporting agencies, the banking sector appears to have relatively sound practice of those requirements. Under the existing regulatory framework, Bangladesh Bank is authorized to issue circulars, guidance notes etc. and responsible for oversight of its implementation but different reporting agencies have respective regulatory authorities. So, for better compliance, reporting agencies are to get accustomed with AML/CFT actions and effective oversight on compliance of those agencies is to be pursued through coordinated efforts among regulators.

Expected outcome

- All reporting agencies will understand, get ready and deliver their responsibilities for AML/CFT matters.
- Large compliance from all reporting entities will become common phenomena.
- Quantity and Quality of STRs will be better.
- Ownership and control of reporting agencies will be free from criminals.
- Regulatory authorities will be able to 'follow the money' as large compliance from all reporting agencies is expected.

Challenges

- Same level of compliance is difficult to implement for all reporting agencies.
- Shortage of skilled human resources in regulatory authorities.
- Coordination among regulatory authorities.
Motivation of persons involved in the issue.

Ensuring compliance of all reporting agencies

SL No	Actions	Responsible Agencies	Timeframe	Budget	Supporting Law
1	Identify areas in which reporting agencies are vulnerable to ML/TF risks	ACC, BB	September, 2011	ACC, BB	MLPA, 2009 ATA, 2009 AMLDD, BB circulars and directives from other regulatory authorities
2	Prepare/amend necessary separate guidance notes for separate reporting agencies.	BB, SEC IDRA, NGOAB	June, 2012	BB, SEC IDRA, NGOAB	
3	Coordinate regulatory authorities and sensitize them about AML/CFT issues	MoF ACC, BB	On going	National Budget BB	
4	Circulate and intimate AML/CFT actions to the reporting agencies	BB	On going	BB	
5					
6	Inspect and monitor to improve the performance of the reporting agencies	ACC, BB, SEC, IDRA, NGOAB	On going	ACC, BB, SEC, IDRA, NGOAB	
7	Issue separate master circular for separate reporting agencies incorporating/ consolidating all regulatory requirements in one document.	BB	June, 2012	BB	
8	Issue separate guidance notes to improve quality and quantity of STRs.	BB	December, 2011	BB	

Strategy 4

Structural improvement and capacity building in tracing out methods, techniques and channels of money laundering and terrorist financing

Techniques of money laundering and terrorist financing are ever evolving process. The suspects/criminals invent methods, techniques and new channels of ML and TF in order to circumvent AML/CFT measures implemented by regulatory bodies. Considering the nature of ML/TF, regulatory bodies, investigating authorities and prosecutors may not be aware of all the means adopted by the suspects/criminals. If the competent authorities review the trends, analyze the suspected activities and share information with other jurisdictions and find out the typology, then it will be easier for them to take necessary measures. Besides, it is also difficult for reporting agencies to trace such crimes. If reporting agencies comply with regulatory directives and continuously screen the environment searching for new developments, they can identify suspects and report quality STRs. So, both competent authorities and reporting agencies need to build its capacity through continuous review, through analysis, and smooth information sharing.

Expected outcome

- Regulators will have greater capacity to uncover criminal activities of ML/TF.
- Better understanding of ML/TF typologies.
- ML/TF will be minimized as the means adopted by criminals are traced out by the competent authorities.
- Sustainable human resources development will be ensured for all stakeholders.
- Institutionalized AML/CFT regime will be implemented.

Challenges

- ML/TF suspects/criminals are always one step ahead in circumventing AML/CFT measures by their diverse 'know how'.
- The investigating authorities lack focus on the concept of 'follow the money'.
- Coping up with new and emerging technology pursued by the criminals.

Structural improvement and capacity building in tracing out methods, techniques and channels of money laundering and terrorist financing

SL No	Actions	Responsible Agencies	Timeframe	Budget	Supporting Law
1	Screen environment continuously to unveil new developments of pervasive ML/TF risks	ACC, BB, SEC, IDRA, NGOAB	On going	ACC, BB, SEC, IDRA, NGOAB	Money Laundering Prevention Act, 2009 Anti Terrorism Act, 2009
2	Undertake coordinated efforts for structural improvement of the regulatory authorities	MoF, MoHA ACC, BB, SEC, IDRA NGOAB	On going	National Budget ACC, BB, SEC, IDRA, NGOAB	
3	Ensure technical assistance from international bodies and organize experience sharing sessions and exchange visits	MoF, MoHA ACC, BB, SEC, IDRA NGOAB	On going	National Budget ACC, BB, SEC, IDRA NGOAB	
4	Conduct collaborative research on ML/TF and analyze the typologies	ACC, BB, SEC, IDRA NGOAB	On going	National Budget ACC, BB, SEC, IDRA, NGOAB	
5	Publish FIU annual report regularly	BB	Annually	BB	
6	Participate actively in the FATF, APG, other FSRB and Egmont Group typology workshop	BB	As and when invited	BB	
7	Analyze FATF, APG, other FSRB, Egmont Group and other jurisdictions' typology report regularly	BB	On going	BB	
8	Conduct risk and vulnerability assessment before introduction of any new financial product or technology	BB	As and when necessary	BB	

Strategy 5 Improving transparency in financial reporting on AML/CFT issues

Financial crimes thrive in a climate of secrecy where good governance measures are undermined by lack of transparency and a failure of financial intermediaries to co-operate effectively with the law enforcement agencies. Of course, behind this veil of secrecy, there may be darker reality. Terrorist networks, arms dealers, drug traffickers and other international criminal syndicates may exploit such secrecy and non-transparent arrangements to legitimize the proceeds derived from illegal businesses.

Strengthening transparency and accountability in particular are critical in combating efforts of keeping wealth beyond the eyes of law enforcement agencies. An economy, which is characterized by high standards of transparency at organizations in which members of management are accountable to their boards and the boards are accountable to their shareholders including minority shareholders, is one where financial fraud and other financial crimes, including money laundering, will be less likely to flourish.

Expected outcome

- Improved financial transparency and disclosure will reduce financial fraud and restrict corporate involvement in money laundering and terrorist financing.

Challenges

- The diversity and accessibility of financial sector participants present challenges for regulation and oversight.
- Amendment of Bangladesh Accounting Standard (BAS) to cover AML/CFT issue.
- The Lawyers, Notaries, Auditors and Accountants are not well acquainted with AML/CFT compliance issues.

Improving transparency in financial reporting on AML/CFT matters

SL No	Actions	Responsible Agencies	Timeframe	Budget	Supporting Law
1	Issue directives to incorporate a separate chapter dedicated to AML/CFT compliance issue on financial statements of reporting agencies.	MoF BB, SEC, IDRA NGOAB	December, 2012	Budget not required	MLPA, 2009; ATA, 2009; Banking Companies Act, 1991; Financial Institutions Act, 1993; Bankers' Book Evidence Act, 1891; Foreign Exchange Regulation Act, 1947; Customs Act, 1969
2	Establish vigilance of respective regulators as well as the FIU for proper implementation of Bangladesh Accounting Standard (BAS) System	MoF ICAB, BB, ACC, SEC, IDRA	On going		
3	Propose Institute of Chartered Accountants of Bangladesh (ICAB) to amend BAS so as to incorporate AML/CFT issues on it.	MoF ICAB, BB, ACC, SEC, IDRA	December, 2011		
4	Publish all the trade and economic sanctions related to AML/CFT in the web link of Bangladesh Bank's website by FIU	BB	March, 2012	BB	
5	Issue separate guidance notes to regulate new and emerging technology based payment system	BB	November, 2011	BB	
6	Identify unregulated payment or money transfer system through collaboration with Ministry of Finance and Law Enforcement Agencies	MoF, MoLJ&PA ACC, BB, Bangladesh Police	On going	National Budget BB	
7	Enhance public sector outreach to educate reporting agencies about their regulatory obligations as well as making the sector aware of AML/CFT indicators in coordination with other regulatory agencies	MoF, MoHA ACC, BB, SEC, IDRA, NGOAB	On going	National Budget ACC, BB, SEC, IDRA, NGOAB	
8	Review existing reporting system and explore ways to obtain more information on financial sector businesses related to ML/TF	BB	March, 2012	BB	

Strategy 6 Ensuring transparency in the ownership of legal entities

In Bangladesh generally, the organizations or registered entities such as corporations, limited companies, partnership firms, and trusts are licensed or registered by different authorities under different laws like company act, trust act, partnership act, etc with minimum public disclosure of personal information regarding controlling interest and ownership. Having lack of capacity, Registrar of Joint Stock Companies and Firms (RJSC&F) is the main authority to register those legal entities. The current lack of transparency prevents financial institutions identifying suspicious transactions and hinders law enforcement agencies to investigate and prosecute ML/TF cases. By using these entities as front companies, money launderers and terrorist financiers may get access to financial system. So, proper Know Your Customer (KYC) of all owners of legal entities and identification of beneficial owner are of utmost importance for well functioning AML/CFT regime.

Expected outcome

- Proper identification of beneficial owner and controller of legal entities will reduce the threat of ML/TF.
- Such transparency will discourage criminals and terrorist financiers not to be owner/operator of front companies

Challenges

- RJSC&F lacks in capacity and resources
- Regularize the registered entities which have been without proper disclosure of its owners'/controllers'
- Complexity in the existing legal system
- Department of cooperative societies lacks in capacity to combat ML/TF.

Ensuring transparency in the ownership of legal entities

SL No	Actions	Responsible Agencies	Timeframe	Budget	Supporting Law
1	Review and amend, if necessary, Company Act and Trust Act.	MoC, MoF, MoLJ&PA BB, RJSC&F		National Budget BB	Companies Act of Bangladesh, 1994
2	Automate RJSC&F fully	MoC, RJSC&F	7December, 2012	National Budget	Trusts Act, 1882
3	Develop a coordination mechanism among RJSC&F and other trade bodies	MoC RJSC&F			Partnership Act, 1932
4	Review and collect personal information of the owner/controller of licensed entities	RJSC&F	December, 2013	National Budget	Bank Company Act, 1991
5	Make employees of RJSC&F and legal entities aware of ML/TF threats.	MoC, MoF BB, RJSC&F	On going	National Budget BB	Financial Institution Act, 1993
6	Use National Identification Number as Unified Identity Number (UIN)	MoF, MoHA, MoLJ&PA, EC, BB	December, 2012	National Budget BB	Societies Registration Act, 1860