

Circular No. 007/B/2005-DSB/AMCM

All banks  
Financial Intermediaries  
Money Changers  
Cash Remittance Companies  
Finance Companies

### **Combating of Terrorist Financing**

For the full compliance of Decree Law No. 4/2002 of 02 April 2002 (hereby referred as ‘the Law’), this Circular is issued to remind all authorized financial institutions of the necessity to strictly comply with the requirements of the Law which is available at:

[http://www.imprensa.macao.gov.mo/bo/i/2002/15/lei04\\_cn.asp](http://www.imprensa.macao.gov.mo/bo/i/2002/15/lei04_cn.asp), or  
<http://www.imprensa.macao.gov.mo/bo/i/2002/15/lei04.asp>

The Law stipulates that the lists of terrorists and terrorist organizations issued by 1267 Committee of the Security Council of the United Nations will become applicable to the Macao SAR once published in the Macao Official Gazette. Financial institutions are required to report immediately to either the Public Prosecutions Office or the Judiciary Police, with advice to the AMCM, should they identify in the course of their business any terrorist and related persons as stated in the list.

Particularly, financial institutions are required to comply with all the UN Security Council Resolutions which have been published in the Official Gazette, in addition to Resolutions Nos. 1267(1999), 1333(2000), 1390(2002), and their updates that are related to countries and organizations such as Afghanistan, Iraq, Taliban and Al Qaeda. The English, Chinese and Portuguese versions of these resolutions are located at the following homepage of the Government Printing Bureau:

<http://www.imprensa.macao.gov.mo/en/legis/subject.asp?subjecyid=resolcsonu>

Financial institutions should develop a database on suspicious terrorists and terrorist organizations based on the list of terrorists published in the UN website <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm> and <http://www.un.org/Docs/sc/committees/IraqKuwait/IraqSanctionsCommEng.htm>, so as to effectively identify individuals or organizations which may be related to terrorist financing as well as money laundering. The database should also be subject to timely update whenever there are changes as posted on the UN website, and should be made easily accessible by staff to identify suspicious transactions. Financial institutions should also take note of any new name lists issued by the UN Security Council that require blocking of fund flows to the persons in the lists, and add them into their database. Please note that according to the present legal requirements, financial institutions are required to report the names identified to the Judiciary Police or the Public Prosecutions Office.

Financial institutions should ensure compliance with the 'Know-your-customer' principle and set up adequate internal control system and customer due diligence measures which not only cover new accounts at the time of account opening but also include the ongoing monitoring on existing accounts, especially for those customers, business relationships or transactions that involve cross-border movement of funds. For occasional transactions like foreign exchange or remittance, financial institutions are also required to set up control system for any transactions related to the list of terrorists.

Financial institutions should ensure compliance with this guideline. Otherwise, it will be considered as a serious offence.

For queries about this circular, please contact the Banking Supervision Department of this Authority.

**MONETARY AUTHORITY OF MACAO**

For and on behalf of the Board of Directors

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Banking Supervision Department