

ANNUAL REPORT 2019



Financial Intelligence Department
Royal Monetary Authority

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Acronyms

NCC	National Coordination Committee
FID	Financial Intelligence Department (FIU or Financial Intelligence Unit)
AML and CFT	Anti-Money Laundering and Countering of Financing of Terrorism
ML	Money Laundering
TF	Terrorist Financing
PF	Proliferation Financing
FATF	Financial Action Task Force
STR	Suspicious Transaction Report
CTR	Cash Transaction Report
WTR	Wire Transfer Report
OTR	Other Transaction Report
RE	Reporting Entity
LEA	Law Enforcement Agency
CDD	Customer Due Diligence
NRA	National Risk Assessment
MER	Mutual Evaluation Report
FUR	Follow-up Report
FSRB	FATF- Style Regional Bodies
FSA	Financial Services Act
IR	Intelligence Report
TC	Technical Compliance
EC	Effectiveness Compliance
IO	Immediate Outcome
DNFBPs	Designated Non-Financial Businesses and Persons

CHAPTER I: INTRODUCTION

1.1 Financial Intelligence Unit (FIU)

FINANCIAL INTELLIGENCE UNIT
FIU

The Financial Intelligence Units (FIUs) are national centralized agencies to receive, request, analyze and disseminate financial intelligence concerning suspected proceeds of crime pertaining to money laundering and financing of terrorism. The Financial Action Task Force (FATF) sets the international standards (Recommendation 29), which the national FIUs have to confirm (text reproduced below).

“Countries should establish a financial intelligence unit (FIU) that serves as a national centre for the receipt and analysis of:

- (a) suspicious transaction reports; and*
- (b) other information relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis.*

The FIU should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative and law enforcement information that it requires to undertake its functions properly”

Financial Intelligence Department

The Financial Intelligence Unit was established in 2011 pursuant to the enactment of the Financial Services Act (FSA) of Bhutan 2011. Section 141 of the FSA 2011 states,

“A Financial Intelligence Unit (FIU) shall be set up within the Royal Monetary Authority for the following purposes and with the following powers and functions:

- a) To require a reporting entity to prepare and submit to the FIU suspicious transaction reports, cash transaction reports and any other reports or information in the time and manner required by the regulations;*

- b) *To receive and analyse reports, made in accordance with the regulations, including suspicious transaction reports and cash transaction reports made by a reporting entity and any suspicious transaction otherwise coming to the attention of the Financial Intelligence Unit;*
- c) *To provide, if the Authority considers it appropriate, reports, additional information, inspection reports and any analysis undertaken by the FIU to:*
- i. *the Office of the Anti-Corruption Commission;*
 - ii. *the Office of the Attorney General;*
 - iii. *the Royal Bhutan Police; and*
 - iv. *a law enforcement agency or a supervisory body inside or outside the Kingdom of Bhutan.”*

With the enactment of the Anti-Money Laundering and Countering of Financing of Terrorism (AML/CFT) Act of Bhutan 2018, Sections 141 to 149 of the FSA 2011 have been repealed.

Section 19 of the AML/CFT Act of Bhutan 2018 states,

“There shall be an independent and autonomous department to be known as the Financial Intelligence Department established within the Royal Monetary Authority of Bhutan”.

Section 20 of the AML/CFT Act of Bhutan 2018 states,

“The Financial Intelligence Department shall be the competent authority responsible for receiving, requesting, analyzing and disseminating information concerning suspected proceeds of crime and terrorist property, under this Act.”

1.2 Financial Action Task Force



The Financial Action Task Force (FATF), also known by its French name Groupe d'action financière (GAFI), is an inter-governmental organization established in 1989 at the G-7 Summit in Paris to generate political will to combat money laundering (ML). In 2001, it extended its mandate to include terrorism financing (TF). The FATF reviews its member's progress in implementing the FATF's Recommendations¹ through peer review by mutual evaluation.

As of 2019, the FATF consists of 36 countries and 2 regional organisations. Bhutan is not a member of the FATF. There are 8 FATF- Style Regional Bodies (FATF-FSRBs) which constitute a global network to combat ML, TF and proliferation financing (PF) of weapons of mass destruction (WMD).

The mandate of the FATF is to set standards and to promote effective implementation of legal, regulatory and operational measures for combating ML, TF and PF, and other related threats to the integrity of the international financial system. In collaboration with other international stakeholders, the FATF also works to identify national-level vulnerabilities with the aim of protecting the international financial system from misuse.

1.3 Asia/Pacific Group on Money Laundering



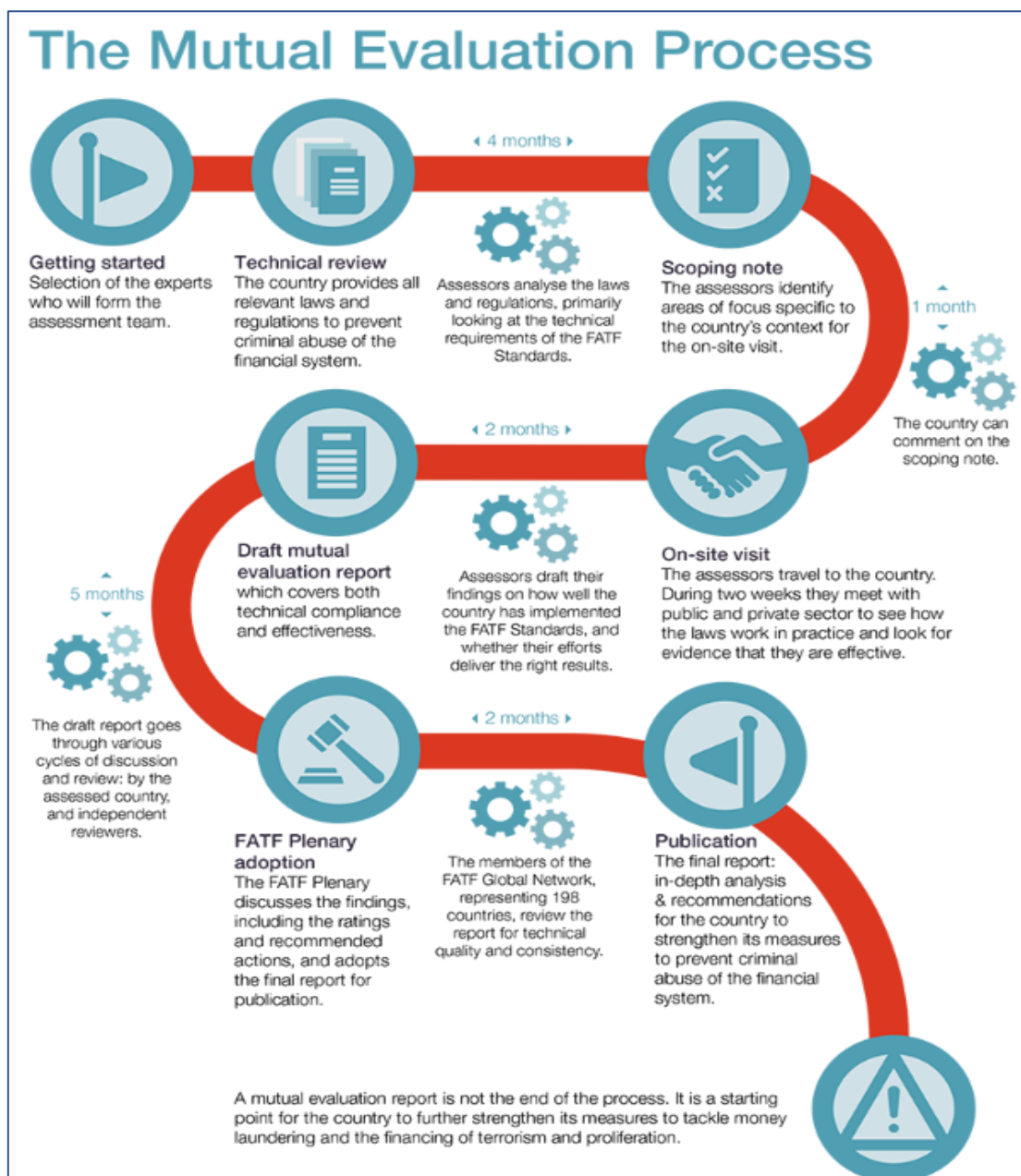
In February 1997 in Bangkok, Thailand; the Asia/Pacific Group on Money Laundering (APG) was founded by 13 countries as a FSRB. Bhutan became the member of APG in 2011 and APG's current members strength is 41. The APG reviews its members through a process called mutual evaluation and it is a peer review. The mutual evaluation of its members is conducted to determine whether they comply,

¹ FATF Recommendations: In 1990, there were 40 Recommendations to combat ML. In 2003, the FATF issued 8 Special Recommendations to fight against TF, which by October 2004, consisted of 9 Special Recommendations. In February 2012, the FATF revised 40 R + 9 SR and issued 40 Recommendations to combat ML and TF.

or to what extent they comply, with their obligations to implement the global AML and CFT standard.

1.3.1 Mutual Evaluation Process

The mutual evaluation report is an assessment of a country’s measures to combat money laundering and the financing of terrorism and proliferation of weapons of mass destruction. This includes an assessment of a country’s actions to address the risks emanating from designated terrorists or terrorist organisations. The mutual evaluation report is without prejudice to the status or justification that led to the designation of an entity as a terrorist or terrorist group or organisation.



Mutual Evaluation Ratings

Mutual Evaluations have two basic components, **effectiveness** and **technical compliance**.

- The main component of a mutual evaluation is **effectiveness**. This is the focus of the on-site visit to the assessed country. During this visit, the assessment team will require evidence that demonstrates that the assessed country’s measures are working and deliver the right results. What is expected from a country differs, depending on the ML/TF and other risks it is exposed to. To ensure consistent and fair assessments, the FATF has developed an elaborate assessment methodology.
- The assessment of technical compliance is part of each mutual evaluation. The assessed country must provide information on the laws, regulations and any other legal instruments it has in place to combat money laundering and the financing of terrorism and proliferation. This used to be the main focus of FATF, and FATF still requires the legal framework to be in place. But experience has shown that having the laws in the books is not enough, the main focus is now on effectiveness.

Mutual evaluation consists of two ratings:

1. Technical Compliance; and
2. Effectiveness Compliance.

Technical Compliance Ratings

The technical compliance evaluation addresses the specific requirements of the FATF Recommendations, principally as they relate to the relevant legal and institutional framework of the country, and the powers and procedures of the competent authorities. These represent the fundamental building blocks of an AML and CFT system. The technical compliance evaluation is rated based on the **FATF 40 Recommendations**. The five ratings of technical compliance evaluation are:

1	Compliant	C	There are no shortcomings.
2	Largely Compliant	LC	There are minor shortcomings.
3	Partially Compliant	PC	There are moderate shortcomings.
4	Non-Compliant	NC	There are major shortcomings.

Effective Compliance Ratings

The effective compliance evaluation seeks to assess the adequacy of the implementation of the FATF Recommendations, and identifies the extent to which a country achieves a defined set of outcomes that are central to a robust AML and CFT system. The focus of the effectiveness assessment is therefore on the extent to which the legal and institutional framework is producing the expected result. The effective compliance evaluation is rated based on the **11 Immediate Outcomes (IOs)**. The four ratings of effective compliance evaluation are:

1	High level of effectiveness	The IO is achieved to a very large extent. Minor improvements needed.
2	Substantial level of effectiveness	The IO is achieved to a large extent. Moderate improvements needed.
3	Moderate level of effectiveness	The IO is achieved to some extent. Major improvements needed.
4	Low level of effectiveness	The IO is not achieved or achieved to a negligible extent. Fundamental improvements needed.

The Mutual Evaluation Report (MER) provides the ratings on TC and EC, based on which a jurisdiction is placed under the follow-up process as follows:

1. Regular Follow-up, and
2. Enhanced Follow-up:
 - a) Enhanced Follow-up; and
 - b) Enhanced Follow-up (Expedited).

Regular Follow-up	Default monitoring system and biennial reporting to APG.
Enhanced Follow-up	A jurisdiction is placed in this category if: <ol style="list-style-type: none"> a) it has eight or more NC/PC ratings for technical compliance; or b) it is rated NC/PC on any one or more of 3, 5, 10, 11 and 20; or c) it has a low or moderate level of effectiveness for seven or more of the 11 effectiveness outcomes; or

	<ul style="list-style-type: none"> d) it has a low level of effectiveness for five or more of the 11 effectiveness outcomes.
Enhanced Follow-up (Expedited)	<p>A jurisdiction is placed in this category if;</p> <ul style="list-style-type: none"> a) it has 10 or more of the following 13 Recommendations rated NC/PC for technical compliance (40 R): 3, 5, 10, 11, 20; and 1, 4, 6, 26, 29, 36, 37, 40; or b) it has a low or moderate level of effectiveness for nine or more of the 11 effective outcomes (11 IOs).

1.3.2. Bhutan Mutual Evaluation Report Ratings

Bhutan’s first Mutual Evaluation Report (MER) was discussed and rated at the APG plenary in 2016. Bhutan was then rated as follows:

Technical Compliance (40 Recommendations)	Effective Compliance (11 IOs)
<ul style="list-style-type: none"> a) Compliant (C) on 7 Recommendations; b) Largely Compliant (LC) on 7 Recommendations; c) Partially Compliant (PC) on 17 Recommendations; and d) Non-Compliant (NC) on 9 Recommendations. 	<ul style="list-style-type: none"> a. Moderate level of effectiveness on 2 IOs; and b. Low level of effectiveness on 9 IOs.

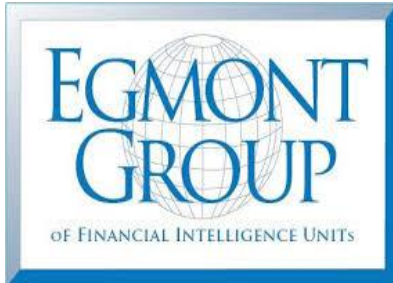
Bhutan was placed under Enhanced Follow-up (Expedited) and remained in that category until 2018. Following request for re-ratings on 25 Recommendations in 2019 Follow-up Report (FUR) [no request for re-ratings on EC can be made until the next MER], Bhutan made progress as follows:

- a. C on 8 Recommendations;
- b. LC on 16 Recommendations;
- c. PC on 15 Recommendations,
- d. NC on 1 Recommendation.

Following the significant progress made, Bhutan exited from the category of Enhanced Follow-up (Expedited) to the Enhanced Follow-up.

In 2019, Bhutan did not request for re-ratings on any Recommendations given that enough progress was not made which merited request for re-ratings.

1.4 Egmont Group



The Egmont Group, founded in 1995, consists of 158 FIUs. The Egmont Group is a non-political international entity of FIUs to unite efforts to improve effective exchange of information to combat ML and TF. It provides a secured platform to exchange information on experiences in order to promote the development of effective FIUs and to foster implementation of domestic programs in this field.

The eight steps of Egmont Group Membership are:

1. Step 1: Submit Application
2. Step 2: Identify Sponsor FIUs
3. Step 3: Monitoring Phase
4. Step 4: Preparation for the Onsite Visit
5. Step 5: Final Onsite Visit
6. Step 6: After the Final Onsite Visit:
7. Step 7: Invitation to attend the Egmont Plenary
8. Step 8: Acceptance by the Heads of FIUs



Bhutan has applied for Egmont Group membership in 2013 and the two identified sponsors are Bangladesh FIU and Korea FIU. The two identified sponsor FIUs visited Bhutan as part of the membership process, final onsite visit in November 2019. The delegation consisted of five officials; two from Korea FIU and three from Bangladesh FIU. They met with officials from the reporting entities, law enforcement agencies and the financial intelligence department to seek clarifications and gain better understanding of the functionality of the FIU ecosystem.


1.5 Financial Intelligence Department (FID)

July 2011	FIU established as a small unit within the erstwhile Financial Institution Supervision Division (FISD) pursuant to Section 141 of the Financial Services Act (FSA) of Bhutan 2011.
June 2013	FIU accorded independent unit status within the framework and administrative control of the Royal Monetary Authority (RMA) in line with the FATF Recommendation.
1 July 2018	With the enactment of the AML and CFT Act of Bhutan 2018, the FIU was upgraded to a full-fledged department from 1 July 2018 as the FID.

The FID is an independent and autonomous department established within the RMA (Section 19 of the AML and CFT Act of Bhutan 2018). The FID Head shall be responsible for the day-to-day operations and management of the department and discharge functions and duties provided under the AML and CFT Act 2018 (Section 26 of the AML and CFT Act of Bhutan 2018). The FID shall consist of a Head and other staff [Refer *Appendix A*] either assigned from RMA or seconded from other agencies (Sections 27 and 28 of the AML and CFT Act of Bhutan 2018). The FID Head shall report to the Governor or the Deputy Governor relating to policy or resources matter for the operation of the department. The FID is an administrative type FIU and does not investigate cases.

The FID’s ecosystem consists of the reporting entities (REs) and the law enforcement agencies (LEAs). The FID is the buffer between the REs and the LEAs.

Reporting Entities (REs)	Transaction Reports	Intelligence Report (IR)	Law Enforcement Agencies (LEAs)
Financial Institutions (FIs)	STR		

Designated Non-Financial Businesses and Persons (DNFBPs)	CTR	FID	
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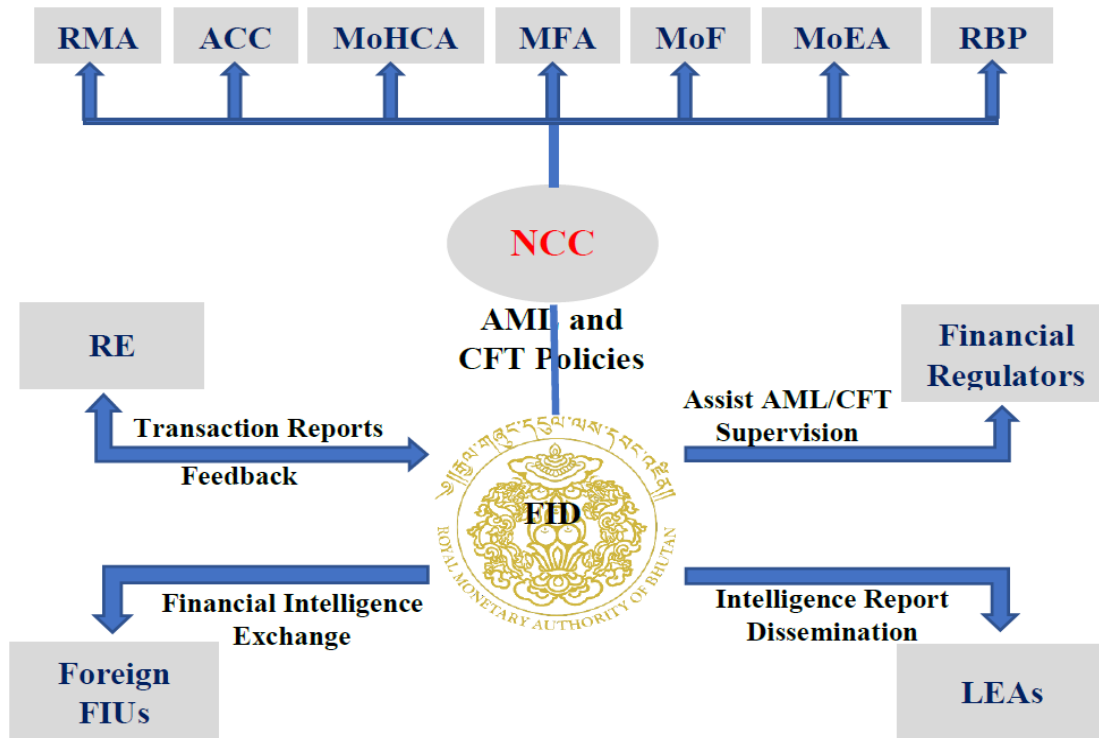
The FIs and DNFBPs are designated as REs pursuant to Section 50 of the AML and CFT Act of Bhutan 2018. The REs is mandated to submit suspicious transaction reports (STRs), cash transaction reports (CTRs) and other transaction reports (OTRs) to the FID in line with the AML and CFT Act of Bhutan 2018. The FID, pursuant to Section 37 of the AML and CFT Act of Bhutan 2018, shall analyze transaction reports and produce actionable intelligence report (IR). Based on the predicate offence identified in the IR, the FID shall forward it to the relevant LEAs.

1.6 National Coordination Committee (NCC)

The AML and CFT Act of Bhutan 2018 provides that there shall be a National Coordination Committee (NCC) and the predefined members are:

1. Governor, Royal Monetary Authority (Chairman);
2. Chairperson, Anti-Corruption Commission;
3. Secretary, Ministry of Home and Cultural Affairs,
4. Secretary, Ministry of Foreign Affairs;
5. Secretary, Ministry of Finance;
6. Secretary, Ministry of Economic Affairs; and
7. Chief of Police.

The NCC is the apex body responsible for coordinating the implementation of the national AML and CFT strategy, undertaking of the AML and CFT National Risk Assessment (NRA) or to update such assessment, and advise the government on AML and CFT issues. The NCC’s Chairman is the Governor, RMA and the NCC shall meet minimum of twice a year. The FID is the Secretariat for the NCC. The FATF Recommendation 2 suggests that countries should have national AML and CFT policies, informed by the risks identified, which should be regularly reviewed, and should designate an authority or have a coordination or other mechanism that is responsible for such policies.



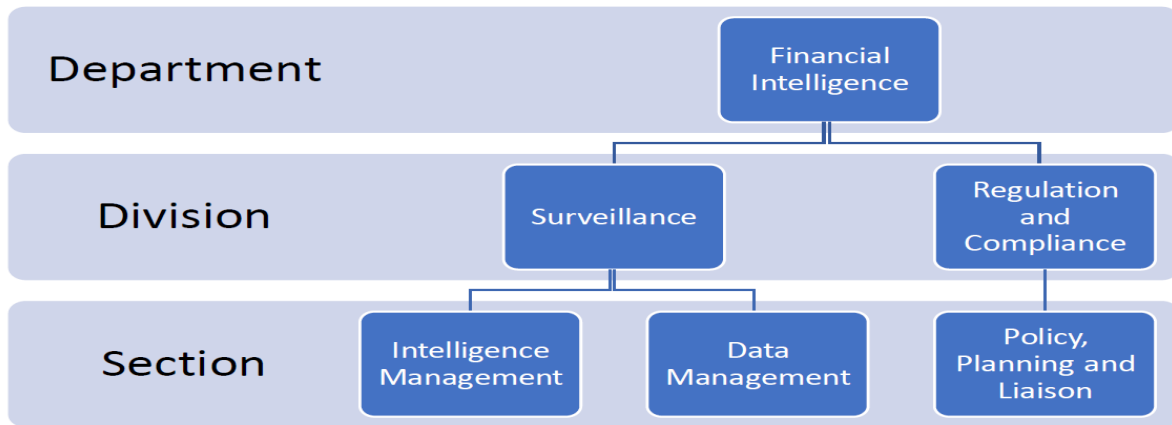
1.7 Technical Committee (TC)

The AML and CFT Act of Bhutan 2018 provides that there shall be Technical Committee (TC), constituted by the NCC on the recommendation of the FID, to provide advice on technical and other relevant matters. The members, role and responsibilities of the TC is stated in Chapter 18 under Sections 148 to 260 of the AML and CFT Rules and Regulations 2018.

The FATF Recommendation (R.2) suggests that countries should ensure that policy-makers, the financial intelligence unit (FIU), law enforcement authorities, supervisors and other relevant competent authorities, at the policymaking and operational levels, have effective mechanisms in place which enable them to cooperate, and, where appropriate, coordinate and exchange information domestically with each other concerning the development and implementation of policies and activities to combat money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.

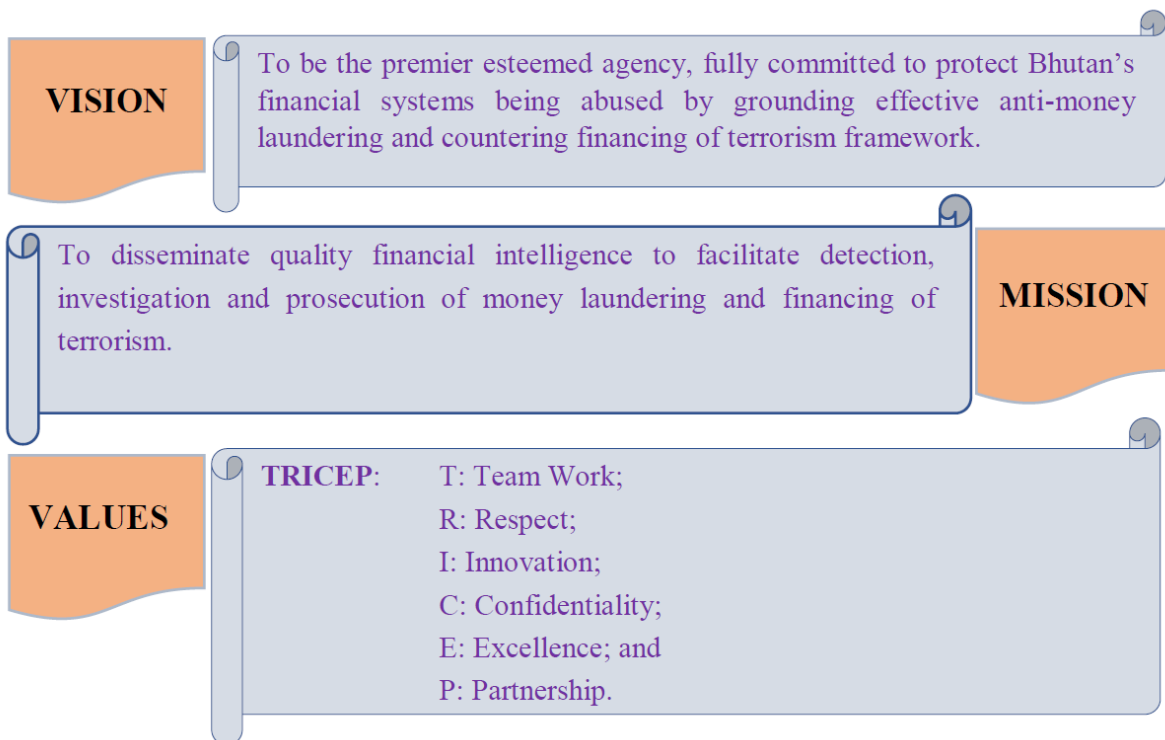
1.8 Organogram

The FID consists of two divisions (Surveillance, and Regulation and Compliance) and three sections (Intelligence Management, Data Management and Policy, Planning and Liaison).



As of the reporting period, the FID has a total strength of seven staff. The seven staff comprises of an Executive Director (Head of FID), one expert, one senior analyst, two analysts and two assistant analysts. To be fully operational, the FID would require two chief analysts, two senior analysts, and six assistant/analysts.

1.9 Vision, Mission and Values



1.10 Money Laundering

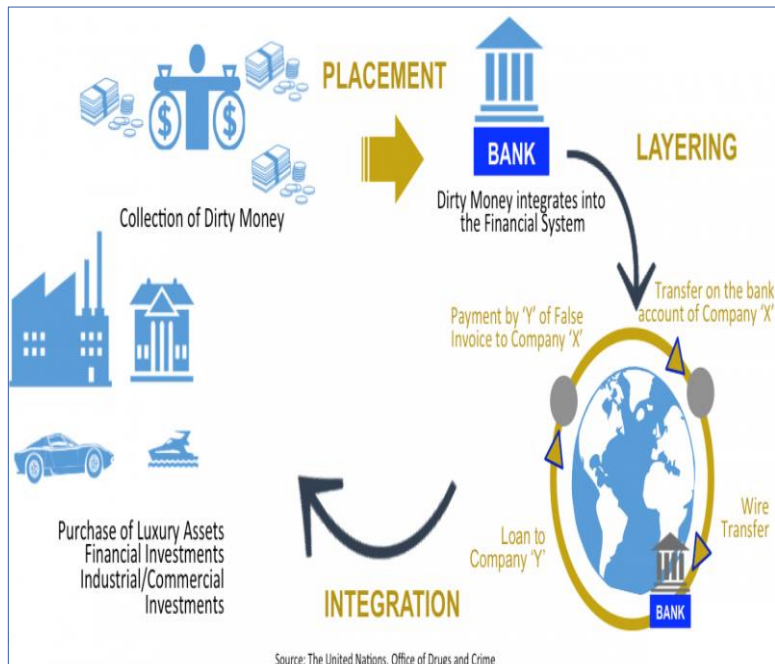
Money laundering is defined in Section 159 of the AML and CFT Act of Bhutan 2018 as specific conduct, committed by a person (either natural or legal). The AML and CFT Act of Bhutan 2018 states that a person commits an offence of money laundering if:

- (1) A person converts or transfers, exchanges or gives away property knowing that it is proceeds of a crime, for the purpose of concealing or disguising the illicit origin of such property or of assisting any person who is involved in the commission of a predicate offence to evade the legal consequences of his or her action;
- (2) A person conceals or disguises the true nature, source, location, disposition, movement or ownership of or rights with respect to property knowing that such property is proceeds of a crime; or
- (3) A person acquires, uses or possesses property knowing that such property is proceeds of a crime.

The offender is liable for value-based sentencing subject to maximum for felony of third degree (9 years imprisonment maximum) and payment of fines.

In simpler term, money laundering is a process which involves three distinct phases, which are:

- (1) **Placement**, the phase at which criminally derived funds are introduced in the financial system.
- (2) **Layering**, the substantive phase of the process in which the property is ‘washed’ and its ownership and source is disguised.
- (3) **Integration**, the final phase at which the ‘laundered’ property is re-introduced into the legitimate economy.



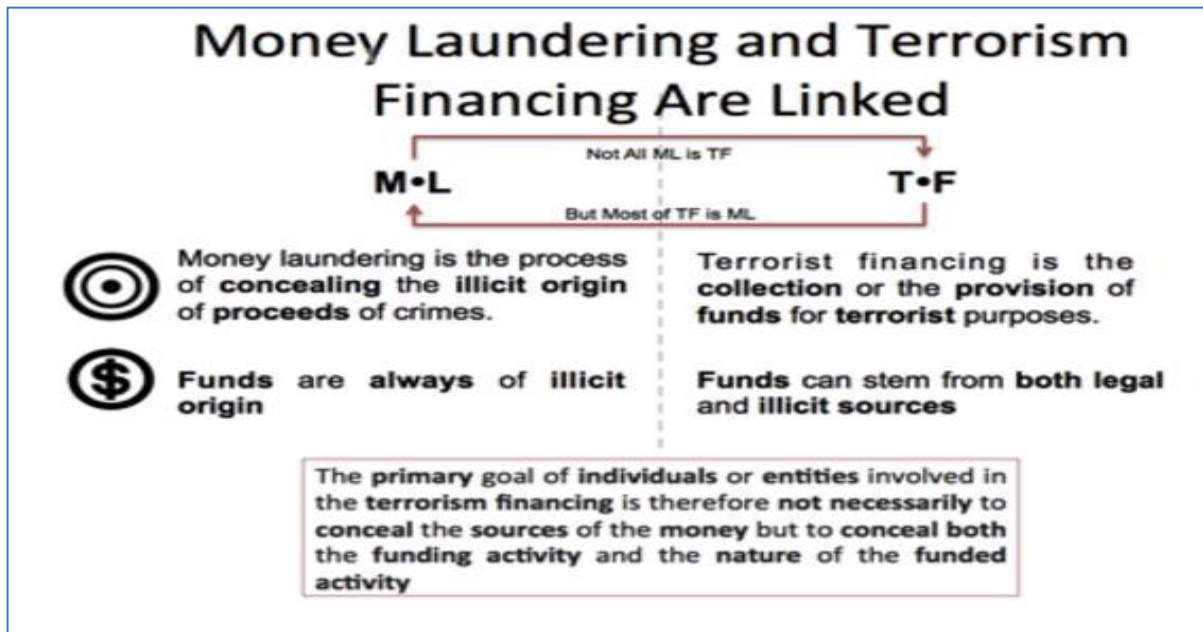
1.11 Terrorist Financing

Terrorist financing is defined in Section 165 of the AML and CFT Act of Bhutan 2018 as a certain conduct committed by a person (either natural or legal). The AML and CFT Act of Bhutan 2018 states that a person commits an offence, if the person intentionally or knowingly

by any means, directly or indirectly, provides or collects funds with the intention or knowledge that such funds are to be used in whole or in part:

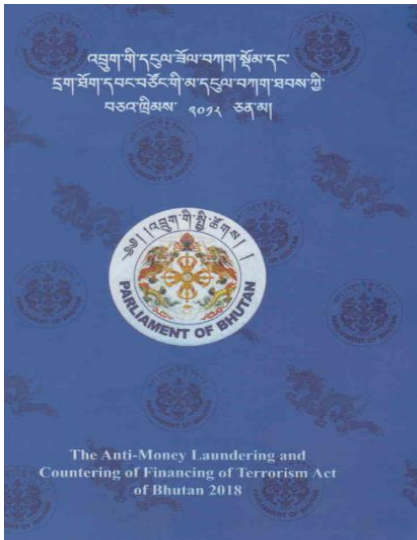
- (1) To carry out a terrorist act; or
- (2) To finance the travel of a terrorist or any person to a State, other than their State of residence or nationality for the purpose of the perpetration, planning, or preparation of, or participation in, terrorist acts or the provision or receiving of training directly or indirectly related to terrorism; or
- (3) By a terrorist; or
- (4) By a terrorist organization.

The offender is liable on conviction to felony of first degree (minimum of 15 years imprisonment up to life).



CHAPTER 2: LEGAL AND REGULATORY FRAMEWORK

2.1 Anti-Money Laundering and Countering of Financing of Terrorism Act of Bhutan 2018



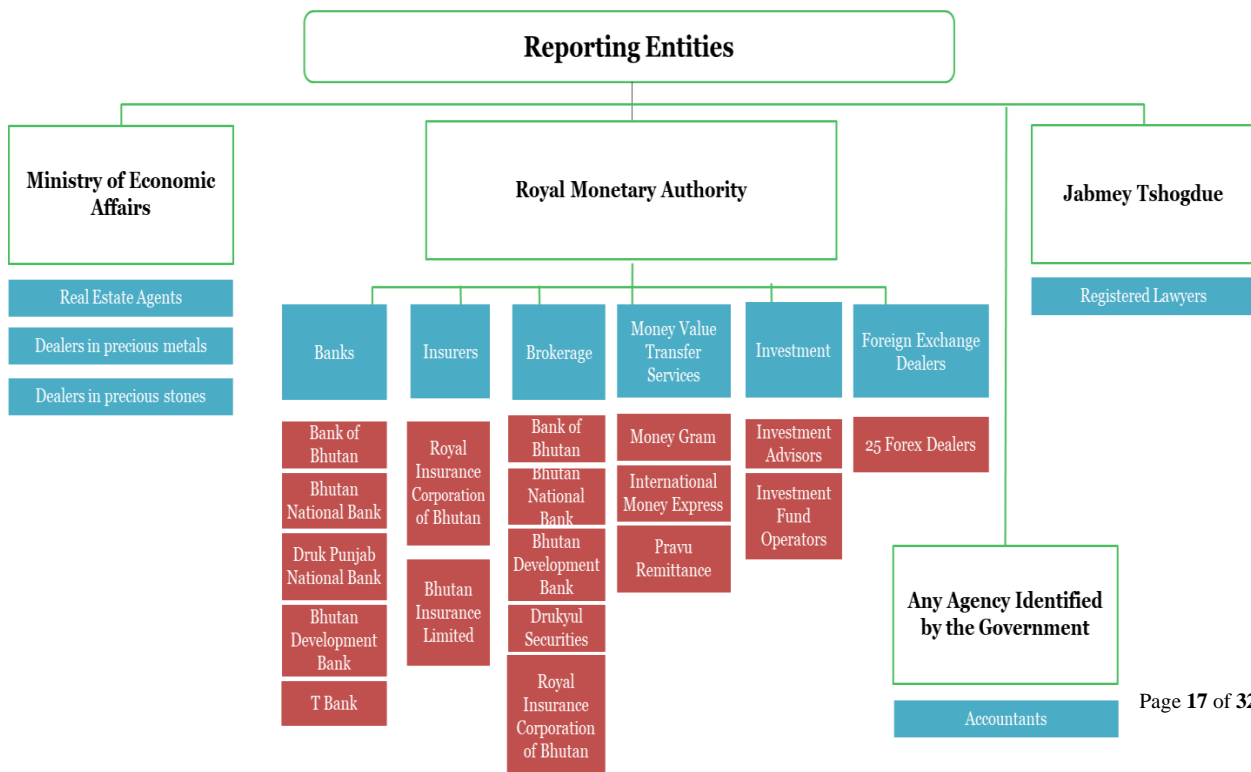
The AML and CFT Act of Bhutan 2018 is the legislation for combating money laundering and countering terrorism financing in Bhutan. The Act was enacted in 2018 and brought into force from 8 January 2018. The Act criminalizes money laundering and financing of terrorism.

The Act defines ML and TF and has designated the Anti-Corruption Commission (ACC) and the Royal Bhutan Police (RBP) as the competent and relevant investigating authority.

Predicate offences have been explicitly elaborated in Sections 160 and 161 of the AML/CFT Act 2018

2.2 AML and CFT Act of Bhutan 2018 and the FID

Section 50 of the AML and CFT Act of Bhutan 2018 provides designation of RE by the FID. The designated RE shall submit suspicious transaction (STR), cash transaction report (CTR), wire transfer report (WTR) and any other transaction report (OTR) as mandated by the Act to the FID within prescribed timeframe. The RE is categorized as follows pursuant to the Act:



CHAPTER 3: ANALYSIS AND INTELLIGENCE

3.1 Receipt of STR, CTR, WTR and OTR

The AML and CFT Act of Bhutan 2018 mandates FID to gather STRs, CTRs, and OTRs from REs.

3.2 Cash Transaction Reports (CTRs)

The CTRs are those transaction reports that the REs are mandated to submit to the FID in accordance with Section 74 of the AML and CFT Act of Bhutan and it includes cash transactions of the value which equals to or exceeds the amount prescribed in the rules and regulations.

The following table shows the details of CTRs submitted by the REs to the FID from 2017 to 2018.

REs	2019	2018	2017
Banks	64,875	73,300	63,109
Securities	540	1913	2915
Insurance	258	205	167
Western Union	20,780	35,653	30,963
Total	86,453	111,071	97,154

During the reporting period, the FID received 86,453 CTRs from the REs. Compared to previous reporting period (2018), the FID has seen a decrease of 24,618 CTRs

3.3 Suspicious Transaction Reports (STRs)

The STRs are those transaction reports that the RE is mandated to submit to the FID in accordance with Sections 69 to 73 of the AML and CFT Act of Bhutan. This report is lodged if the RE has a reasonable ground to suspect that any property, the subject of transaction with which it is involved is proceeds of crime from some criminal activity related, linked to, or is to be used for, terrorist acts or by a terrorist or a terrorist organization or by a person who finances terrorist acts.

The following table shows the details of STRs submitted by the REs to the FID from 2017 to 2019.

REs	2019	2018	2017
Banks	7	6	2
Western Union	0	3	0
Total	7	9	2

During the reporting period, the FID received 7 STRs from the REs. Compared to the previous reporting period (2018), the FID has seen a decrease of 2 STRs.

3.4 Dissemination of Intelligence Reports

The intelligence reports (IRs) are those reports that the FID has shared, either on their own or upon request to any LEA where there is a suspicion that ML, TF, or other predicate offence has taken or is about to take place.

The following table shows the details of IRs shared to relevant LEAs by the FID from 2017 to 2019.

Sl. No.	LEA	2019	2018	2017
1	ACC	0	0	0
2	DRC	3	0	0
3	RBP	0	0	0
Total		3	0	0

The following shows the number of STRs received, analyzed and disseminated to relevant LEAs



7 Received



7 Analyzed



3 IRs Disseminated

3.5 Requests from Foreign FIUs and to Domestic Stakeholders

The FID during the reporting period has requested for information from 29 instances indicating that the quality of intelligence is being improved.

The following table shows the details of request sent by FID to foreign FIUs and domestic stakeholders from 2017 to 2019.

FOREIGN:	2017	2018	2019
Bank Negara, Malaysia	1	1	1
AMLO, Thailand	1		
FIU India			1
Total	2	1	2
DOMESTIC:			
Department of Revenue and Customs		4	2
Royal Bhutan Police			
Commission of Religious Organization		3	
Department of Immigration			6
Department of Census			11
Department of Trade		1	8
Total		8	27
<i>Foreign & Local Total</i>	2	9	29

CHAPTER 4: FORGING COOPERATION AND ALLIANCES

4.1 International Cooperation

The AML and CFT Act of Bhutan 2018 mandates FID to enter into arrangements with foreign counterparts that perform similar functions, and subject to similar secrecy obligations to facilitate the exchange of financial intelligence.

Towards facilitation of exchange of financial intelligence, the FID has signed six Memoranda of Understanding with the foreign FIUs. The details of MoU that FID has signed are:

Date	Signing of MoU
17 July 2014	

FID- Bhutan and Korea- FIU signed the MoU at the sidelines of the APG Annual Meeting 2014 at Macau, China

18 July 2014	
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FID- Bhutan and FIU- Bangladesh signed the MoU at the sidelines of the APG Annual Meeting 2014 at Macau, China.

16 July 2017



FID- Bhutan and FIU- Sri Lanka signed the MoU at the sidelines of the APG Annual Meeting 2017 at Sri Lanka.

19 July 2017



FID- Bhutan and FIU- Cambodia signed the MoU at the sidelines of the APG Annual Meeting 2017 at Sri Lanka.

3 October 2017



FID- Bhutan and FIU- Myanmar signed the MoU at the RMA Board Room, Thimphu.

26 July 2018



FID- Bhutan and FIU- India signed the MoU at the sidelines of the APG Annual Meeting 2018 at Nepal

19 August 2019



FID- Bhutan and FIU- Malaysia signed the MoU at the sidelines of the APG Annual Meeting 2019 at Canberra, Australia

20 August



FID- Bhutan and FIU- Philippines signed the MoU at the sidelines of the APG Annual Meeting 2019 at Canberra, Australia

During the reporting period, the FID signed an MoU with the FIU- Malaysia and FIU- Philippines. With this signing, the FID has signed MoUs with eight foreign FIUs.

4.2 Domestic Cooperation

The AML and CFT Act of Bhutan 2018 mandates FID to frame modalities for entering into arrangements and sharing information with domestic LEAs and relevant stakeholders.

To bring in greater synergy and collaboration amongst relevant stakeholders in the fight against ML, TF, PF and other associated predicate offences; the FID has signed the following MoUs.

Date

Signing of MoU

9 July 2014



FID and ACC signed the MoU

23 November 2016



FID and DRC signed the MoU

17 July 2017



FID and Bhutan Narcotics Control Authority (BNCA) signed the MoU at the RMA Board Room, Thimphu.

20 February 2018



FID and RBP signed the MoU at the RMA Board Room, Thimphu.

20 February 2018



FID and the Civil Society Organization Authority (CSOA) signed the MoU at the RMA Board Room, Thimphu.

19 June 2019



FID and Tourism Council of Bhutan (TCB) signed the MoU at the RMA Board Room, Thimphu.

19 June 2019



FID and Department of Immigration (DoI) signed the MoU
at the RMA Board Room, Thimphu.

During the reporting period, the FID signed MoU with the TCB and DoI. With these signings, the FID has signed MoUs with seven relevant domestic stakeholders.

CHAPTER 5: CAPACITY BUILDING

For successful prevention and detection of AML and CFT offences, it is important to build capacity and raise awareness of all relevant players in an FIU ecosystem. FID’s ability to analyse and generate actionable intelligence lies on the ability of the REs to detect STRs in a timely manner and the ability of LEAs and judiciary for carrying out effective investigations and successful prosecutions. So, the FID is constantly keeping tab on building capacity and creating awareness, and without which, Bhutan’s AML and CFT regime would be redundant.

5.1 FID’s Staff

The AML and CFT Act of Bhutan 2018 mandates FID to provide training on ML and TF related issues to its staff, the staff of LEAs and supervisors.

To keep abreast with changing and developing AML and CFT regime, the FID staff attended the following trainings, workshops, conferences, study tour, etc. from 2014 to 2019.

Sl. No.	Country	Date	Workshops/Trainings/ Meeting etc.
1	FID, Bhutan	September 2020	ACAMS certificate virtual course
2	Mumbai, India	7-8 November 2019	9 th Annual AML Summit
3	Bangkok, Thailand	3-4 September 2019	11th Meeting of the BIMSTEC Sub-Group on Anti-Money Laundering and Combating the Financing of Terrorism
4	Canberra, Australia	18-23 August 2019	20 APG Annual Meeting
5	Bangkok, Thailand	13-15 August 2019	BIMSTEC Workshop on AML/CFT
6	Kuala Lumpur Malaysia	12-16 Nov 2018	Balancing AML and CFT and Financial Inclusion
7	New Delhi, India	12-14 Nov 2018	UNODC Regional Workshop

8	Novosibirsk, Russia	3-5 Oct 2018	2018 EAG/APG Joint Typologies Workshop
9	Sochi, Russia	5-7 Sep 2018	10 th AFI Global Policy Forum
10	Vienna, Austria	6-7 Jun 2018	12 th Meeting of the Open-ended Intergovernmental Working Group on Asset Recovery
11	India and Bangladesh	7-15 May 2018	Study tour on GoAML and FINnet system
12	Busan, Korea	1-4 May 2018	FATF Joint Experts Meeting and Risk Assessment workshop
13	Malaysia, Kuala Lumpur	2-6 Oct 2017	AML/CFT Considerations and Approaches for Financial Inclusion
14	San Diego, United States	5-8 Sep 2016	19 th APG Annual Meeting
15	Seoul, Korea,	22-24 Apr 2016	Partnership Enhancement Workshop
16	Delhi, India	14-18 Dec 2015	APG Assessor Training Workshop
17	Nepal	16-20 Nov 2015	APG Typologies Workshop
18	Seoul, Korea	27-30 May 2015	APG Pre-ME and NRA Training Workshop
19	Thailand, Bangkok	23-28 Nov 2014	2014 APG Typologies Workshop
20	Singapore	6-10 Oct 2014	Workshop on Enhancing AML and CFT Framework

5.2 FID's Ecosystem

The AML and CFT Act of Bhutan 2018 mandates FID to provide training on ML and TF related issues to its staff, the staff of LEAs and supervisors.

The following trainings, workshops, conferences, etc. were conducted for REs, staff of LEAs and supervisors coordinated by FID:

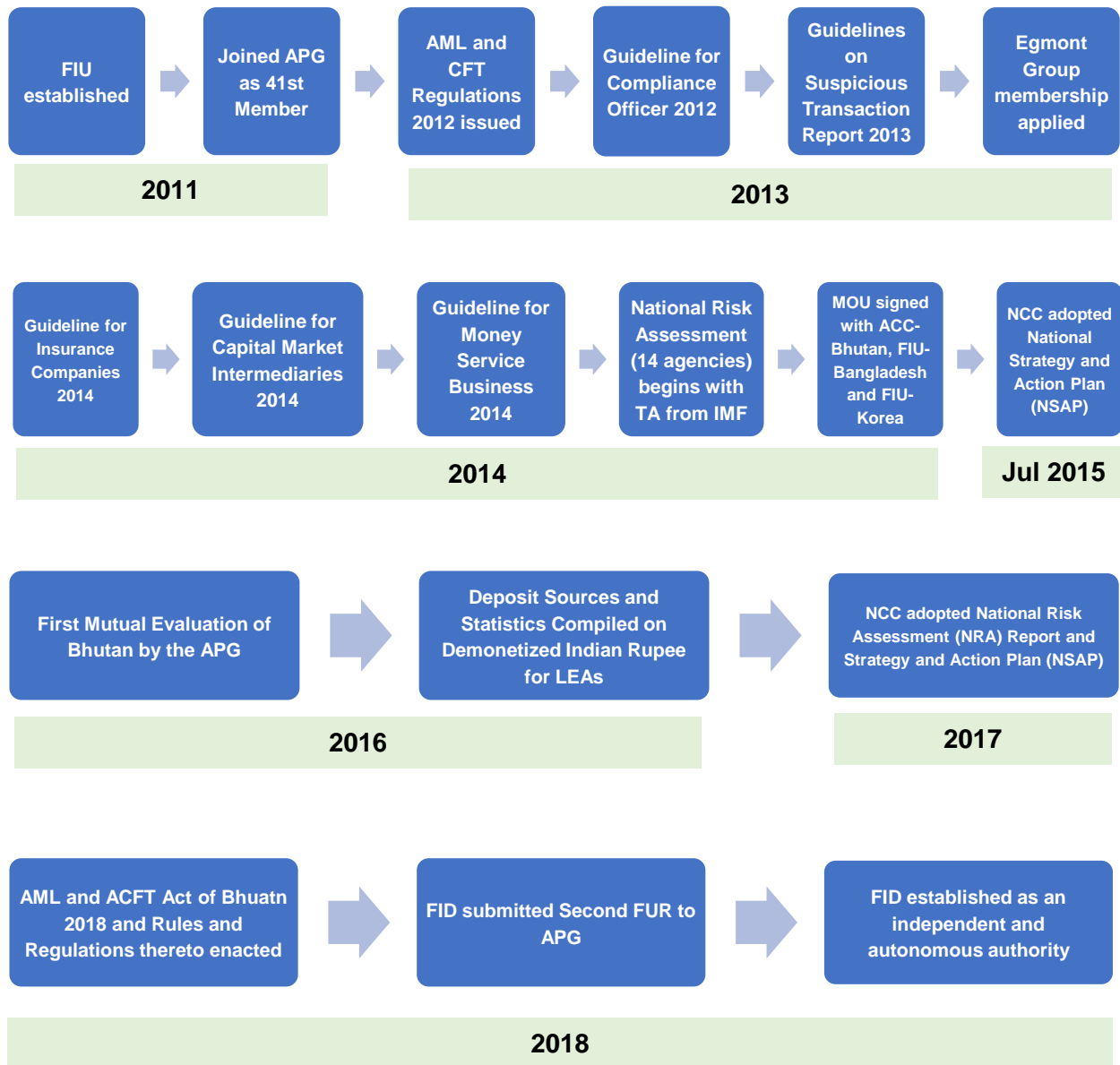
Sl. No.	Workshops/Trainings etc.	Date	Target Participant (No.)	Organizer
1	User Acceptance Testing (UAT) Training on BFIAS to LEA(s)	16 th October 2020	LEA (13)	FID
2	User Acceptance Testing (UAT) Training on BFIAS to Reporting Entities	27 July 2020	RE (27)	FID
3	Financial Investigation Training Course	2-6 March 2020	LEA (30)	UNODC
4	Introduction to AML/CFT Scenario in Bhutan	12 Dec 2019	Banks (8)	FITI
5	Awareness Program on New STR Format and Red Flag Indicators	24 Dec 2018	Banks (10)	FID
6	Training on AML and CFT (AML and CFT Act, Rules and Regulations, Onsite Manual and CDD Guidebook)	22-23 Nov 2018	RE (16)	FID
7	Presentation on AML and CFT System by Quantum Data Engine (QDE)	25 Jun 2018	Banks (14)	QDE
8	Consultation Meeting on Draft AML and CFT Rules and Regulations 2018	1 Jun 2018	RE (13)	FID
9	AML and CFT System Consultation Meeting	31 May 2018	Banks (10)	FID/DIT
10	Financial Investigation and Asset Recovery	13-17 Nov 2017	FIU/LEA/RE (35)	ACC
11	AML and CFT Policies and Procedures- Risk Based Customer Due Diligence	13-14 Nov 2017	Supervisors (9)	ADB/RMA
12	Workshop on Analysis of Intelligence	24-25 Oct 2017	FIU/LEA (10)	ACC/FBI
13	AML and CFT Workshop for Parliamentarians	4 Mar 2015	Parliamentarians (10)	IMF

5.3 Issuance of Guidelines

The AML and CFT Act of Bhutan 2018 mandates FID to provide guidance from time-to-time to assist the RE to fulfill their obligations under the Act. In line with this provision, the FID had issued the following Guidelines:

1. Guideline for appointment of AML/CFT Compliance Officer (AMLCO);
2. Guideline on Suspicious Transaction for REs 2014;
3. Guideline on AML and CFT for Insurance Companies 2014;
4. Guideline on AML and CFT for Capital Market Intermediaries 2014;
5. Guideline on AML and CFT for Money Service Business 2014;
6. Guideline on Prevention of ML and TF for NGO/NPO Sectors 2014;
7. Guide on Customer Due Diligence 2019
8. Guideline on Politically Exposed Persons 2019;
9. Guideline on Suspicious Transactions for Reporting entities 2019;
10. Beneficial Ownership Guideline for Reporting Entities 2019;
11. AML/CFT Risk-based Framework for Banks 2019

CHAPTER 6: MILESTONES



Appendix A

Sl. No.	Name	Designation	Date of Joining FID
1	Namgay Tshering	Executive Director	1 July 2018
2	Tshering Penjor	Expert	2 December 2018
3	Thinley Cheki	Chief Analyst	1 July 2012
4	Yeshey Nidup	Analyst	1 July 2018
5	Tshering Tobzang	Analyst	15 April 2016
6	Kinzang Dema	Assistant Analyst	15 April 2016
7	Namgay Tshering	Assistant Analyst	15 August 2016

Sl. No.	Position	Approved	Current
1	Head (Executive Director/Director)	1	1
2	Chief Analyst	3	1
3	Senior Analyst	3	1
4	Analyst	3	2
5	Assistant Analyst	6	2