



REPUBLIC OF NAURU

ANTI-MONEY LAUNDERING (AMENDMENT) BILL 2018

No. of 2018

A Bill for an Act to amend the *Anti-Money Laundering Act 2008*

Certified: []

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Enacted by the Parliament of Nauru as follows:

1 Short title

This Act may be cited as the *Anti-Money Laundering (Amendment) Act 2018*.

2 Commencement

This Act commences upon certification by the Speaker.

3 Amendment of the Anti-Money Laundering Act 2008

The Anti-Money Laundering Act 2008 is amended by the provisions of this Act.

4 Amendment of section 2

Section 2 is amended by:

(a) inserting the following in alphabetical order:

'beneficial owner' means a natural person:

- (a) who has ultimate control, directly or indirectly, of a customer; or
- (b) who ultimately owns, directly or indirectly, the customer; or
- (c) on whose behalf a transaction is being conducted;

(b) omitting and substituting the definition of **'politically exposed person'** as follows:

'politically exposed person' means:

- (a) a person who is or has been entrusted with prominent public functions by a foreign country, including but not limited to a:
 - (i) Head of State or the head of a government;
 - (ii) senior politician;
 - (iii) senior government official;
 - (iv) senior judicial official;
 - (v) senior military official;
 - (vi) senior executive of a State owned Corporation;
 - (vii) person who is or has been a senior political party official;or
 - (viii) person who is a family member or close associate of a person listed from (i) to (vii);
- (b) a person who is or has been entrusted with a prominent function by an international organisation, including but not

limited to directors, deputy directors and members of the board or equivalent positions; or

- (c) a person who is or has been entrusted in the Republic with prominent public functions, including but not limited to a:
 - (i) Head of State or the head of a government;
 - (ii) senior politician;
 - (iii) senior government official;
 - (iv) senior judicial official;
 - (v) senior military official;
 - (vi) senior executive of a State owned corporation;
 - (vii) person who is or has been a senior political party official;
 - or
 - (viii) person who is a family member or close associate of a person listed from (i) to (vii);

5 Amendment of section 27

Section 27 is omitted and substituted as follows:

27 Customer due diligence

- (1) A financial institution shall identify the identity of a customer on the basis of any identification record and verify the identity of the customer on the basis of reliable and independent source documents, data or information or other evidence as is reasonably capable of verifying the identity of the customer when:
 - (a) the financial institution;
 - (i) enters into a continuing business relationship; or
 - (ii) in the absence of such a relationship, conducts any transaction;
 - (b) the financial institution carries out an electronic funds transfer other than an electronic funds transfer referred to in section 37 of this Act;
 - (c) there is a suspicion of a money laundering offence or a financing of terrorism offence; or
 - (d) the financial institution has doubts about the veracity or adequacy of the customer identification and verification documentation or information it had previously obtained.
- (2) Without limiting the generality of subsection (1), a financial institution shall when establishing a business

relationship, obtain information on the purpose and intended nature of the business relationship.

- (3) Where a financial institution takes the view that a customer is a beneficial owner, it must take reasonable measures to verify the identity of the beneficial owner.
- (4) A financial institution shall have an appropriate risk management system to determine whether a customer or beneficial owner is a politically exposed person.
- (5) Where a financial institution takes the view that a customer or beneficial owner is a politically exposed person, in addition to performing normal customer due diligence measures, it must conduct the additional measures under subsection (6).
- (6) If a financial institution takes the view that a customer or the beneficial owner with whom it is establishing a business relationship, or has established a business relationship, is a politically exposed person, it shall:
 - (a) obtain the approval of senior management to commence or continue the business relationship with the customer or the beneficial owner;
 - (b) take reasonable measures to establish the source of wealth and source of funds; and
 - (c) conduct enhanced monitoring of the business relationship.
- (7) A financial institution must take all reasonable steps to identify whether a beneficiary of an insurance policy or beneficial owner of the beneficiary is a politically exposed person.
- (8) If a financial institution takes the view that a beneficiary of an insurance policy or beneficial owner of the beneficiary is a politically exposed person and the nature and level of risk is high, it must, before making a payment to the beneficiary under the insurance policy:
 - (a) obtain the approval of senior management to make the payment;
 - (b) conduct enhanced due diligence of the business relationship relating to the insurance policy; and
 - (c) consider making a suspicious transaction report under section 17.