



GENERAL GUIDELINES

**FOR
THE COMPLETION OF SUSPICIOUS
TRANSACTION REPORTS**

2018

1. Commencement

1.1. The Financial Reporting Center (FRC) has prepared these guidelines on reporting of suspicious transaction for Money Transfer Businesses (MTBs) and shall take effect on **1st November 2018**.

2. Background

2.1. The Financial Reporting Center (FRC) is the central, national agency responsible for receiving, requesting and analysis of financial disclosures from reporting entities and dissemination of financial intelligence to competent authorities.

2.2. The FRC collects and collates information on suspicious transactions, large cash transactions and cross border movement of cash and negotiable bearer instruments from all reporting entities.

3. Objectives

3.1. To effectively discharge its functions, the FRC needs credible data. This data must therefore meet reporting standards as well as be filed to the FRC appropriately. The FRC found it pertinent to develop a reporting template to ease the reporting process of suspicious transaction report for Money Transfer Businesses.

3.2. The objective of these guidelines, therefore, is to inform the money transfer businesses of the steps to be followed to submit suspicious transaction reports (STRs) to the FRC.

4. Reporting Requirements

4.1. Article 14 (1) of the AML/CFT Act, 2018, and Regulation 22 of AML/CFT Regulation for Money Transfer Businesses, the reporting entities are required to submit suspicious transaction reports to the FRC. The STRs cover any transactions that have occurred including attempted transactions that you suspect or have reasonable grounds to suspect are related to any serious offence including money laundering, terrorist

financing and other criminal activities are suspicious transactions. Generally, a suspicious transaction will often be one which is inconsistent with a customer's known employment, profession, legitimate business or personal activities or with the normal business for that type of customer. Identification of suspicious transactions should prompt further enquiries and where necessary, investigations into the source of funds. To enable easier identification of inconsistent activity or behaviour, it is important to undertake the following actions:

- a. Ensure customer profiles are updated;
- b. Obtain records containing basic identification information, employment, other source of funds, nature of business / use of any specific account; and
- c. Conduct transaction monitoring via an appropriate system or manually depending on the volume of transactions conducted.

Where the customer profile is established and up to date, it becomes easier to detect any irregularities or unusual activities conducted by a certain customer that may just cause to trigger a STR. There is no threshold for reporting STRs.

4.2. The FRC has developed STR template (attached as **Annex 1** to these guidelines). Money Transfer Businesses are therefore expected to use the STR template to submit the report.

4.3. The STR template in MS word format can also be accessed on the FRC website: www.frc.gov.so

4.4. The STR should be filed by the Chief Compliance Officer or Compliance Officer in their absence, by their respective alternates.

4.5. The STR should be submitted in the prescribed an electronic word format (MS Word), **within thirty days from the day suspicious has been established.**

4.6. Explanatory notes on how to complete the STR template is provided in the **Annex 2** attached to these guidelines.

5. **The process leading up to the submission of a STR can be described as follows:**

- 5.1. Initial detection or alert of unusual transaction or activity. This can be from the frontlines (tellers or customer service team) or during monitoring of accounts
- 5.2. Verification and further analysis by designated compliance officer. This stage involves the financial institution gathering and verifying information of the customer and transaction(s) to determine if the transaction is suspicious or if there is reasonable ground to suspect the transaction is linked to criminal proceeds or terrorism financing or other criminal activities;
- 5.3. Suspicion or reasonable grounds for suspicion are established. The moment compliance officer established suspicion or reasonable grounds to suspect the transaction is linked to criminal proceeds or terrorism financing. A STR should be Submitted using the prescribed spreadsheet form and attach the supporting documentations.
- 5.4. After the STR has been filed, the reporting entity may continue the relationship with customer. However, any repeated transaction or continuing pattern of activity that is still considered suspicious, should be reported again to the FRC to indicate that the suspicious activity is still ongoing.
- 5.5. Should reporting entity decide to cease any business relations with that customer, this action should be reported to the FRC, prior to notifying the customer. Notification of such action to the FRC should be included in the STR or separate email to SomaliaFRC@protonmail.com, if the decision was made after STR was submitted.
- 5.6. **Note:** There is no requirement for institution to exit relationship or stop dealing with the customer when you have reported or are preparing to report STRs. This is entirely up to the institution and your business practices. Unless instructed to do so by the **FRC or competent authorities.**

6. What to include in a STR?

6.1. At the basic level, an STR should cover the basic questions of Who, What, Where, When, How and Why. An ideal STR should include as much information known of the persons/entities involved and the suspicious transaction. Relevant and updated documents should be attached to support arguments for suspicion

6.2. The items below are the minimum technical requirements in submitting an STR:

- a. Identification information such as: For Individuals – Full name
For Business – Full name, date and place of incorporation and if possible, details of beneficial owners/directors and shareholder etc
- b. Transaction details including amount involved, type of transactions (wire transfer, withdrawal, attempted, etc), source and beneficiary of transaction and date of transactions
- c. Description of the suspicious transaction including why it is suspicious. Please include diagrams if necessary, to facilitate description.
- d. Action taken or that will be taken with regards to the account/ transaction such as account under monitoring, ordered to close, reject transactions or will exit relationship.
- e. Latest customer profile such as account opening document on each person/entity with updated information should be attached as supporting document.

7. Confidentiality/Information Security

Confidentiality of STR information is crucial in protecting the interest and security of the money transfer businesses, the compliance officers, the FRC and the public. STR information contains private and sensitive financial information as well as unproven allegations of individuals and entities. Confidential breaches may undermine the suspicious transaction reporting system and any prevention of criminal activities that could have been resulted from the STR.

7.1. Money Transfer Businesses are to treat all STRs filed with the FRC as confidential. Under no circumstances should the customer of the Money Transfer Businesses or any unauthorized person be aware that a report about them has been filed with the FRC.

7.2. All STRs should be protected by reasonable security safeguards against such risks as unauthorized access, destruction, use, modification or disclosure. Access to all STRs should be restricted and should be on a need-to-know basis.

8. What happens after a STR is received by FRC?

8.1. STRs received from reporting entities are analysed to determine if activities conducted by the reported individuals involved are suspicious or is linked to any suspicious activity or any existing investigation. The FRC gathers additional information from government and non- government records and in some cases from foreign counterparts in our analysis process.

8.2. If, after analysis and additional information gathering is conducted, the FRC finds enough information to substantiate a link between the activities to a serious offence, an intelligence will be disseminated to the relevant law enforcement agencies for further investigation. Otherwise, STRs are stored in the FRC's database for future reference and may be used to support any future analysis.

9. Feedback

The FRC may provide the following feedback

9.1. Quality of STRs submitted

As part of improvement in the quality of STRs submitted, the FRC will provide feedback in terms of missing important details, description of suspicious activities, etc. This will assist reporting entities in reporting future suspicious activity and a better understanding of a good STR. Generally, the better quality of an STR, the better quality STR will assist in better understanding/faster analysis and action on the suspicious activity.

9.2. **Trends and typologies**

The FRC will provide feedback of common indicators or current trends and typologies observed from the different STRs received from different reporting entities. This aims to facilitate awareness of current activities that may not be detected in your institution, that you should be vigilant of when monitoring transactions conducted in your institution.

9.3. **If STR has led to successful investigation**

It is always good to know if what has been reported as a STR has resulted in the detection and prevention or the successful conviction of a criminal activity. As you may be aware, information with regards to any open investigation cannot be revealed as such updates can only be provided after conviction in court. Note that the lack of information on successful investigations should not be taken as an indicator of the usefulness of an STR.

10. **Comments**

These guidelines paper will be reviewed on a periodic basis. If you have any comments or suggestions to help improve this paper, please send your comments by email to compliance@frc.gov.so

ANNEX 1: SUSPICIOUS TRANSACTION REPORTING FORM



FINANCIAL REPORTING CENTER (FRC)

FORM STR4MTB1

Reporting of suspicious transactions is required under Article 14 of the AML/CFT Act of 2016 and the Regulations 22 of the Financial Institutions Act of 2018. **Failure to report or reporting false or misleading information may result or imposed sanctions and penalties for non-compliance.**

Sida uu farayo qodobka 14aad ee Sharciga KLD/LMA ee 2016 iyo Xeer-nidaamka 22aad ee Hay'adaha Maaliyadeed ee 2018 wa inaad ka soo warbixisaa macaamiisha ganacsi oo shaki kaa galo. **Hadii aadan ka soo warbixin ama warbixin qalad ah ama macluumaad marin-habaabin ah soo gudbiso waxa ay dhalin kartaa in lagugu soo rogo cunaqabatayn ama ganaax uhogaansami la'aan sharciga.**

Section 1: Reporting Party		
1.1	Select type of report	Money Laundering <input type="checkbox"/> Terrorist Financing <input type="checkbox"/> Other (specify) <input type="checkbox"/> Click or tap here to enter text.
1.2	The Institution	Click or tap here to enter text.
1.3	Address and Contact of	Branch where activity or transaction occurred
1.4	Address (physical)	Click or tap here to enter text.
1.5	Address (postal)	Click or tap here to enter text.
1.6	District /Area	Click or tap here to enter text.
1.7	City & Country	Click or tap here to enter text.
1.8	Telephone Number	Click or tap here to enter text.
1.9	Email Address	Click or tap here to enter text.

Section 2: Details of the Sender		
2.1	Select whether the Sender is an individual or an Entity and complete the relevant section	<input type="checkbox"/> Individual (complete 2.2–2.8) <input type="checkbox"/> Business or Trust (complete 2.10–2.14)
2.2	Full name	Click or tap here to enter text.
2.3	Date of Birth	Click or tap here to enter text.
2.4	Passport / ID Number	Click or tap here to enter text.
2.5	Nationality	Click or tap here to enter text.
2.6	Occupation	Click or tap here to enter text.
2.7	Telephone Number	Click or tap here to enter text.
2.8	City/Region & Country	Click or tap here to enter text.
2.9	Complete the following if Sender is an	Entity (Business or Trust)
2.10	Name of Entity/Business	Click or tap here to enter text.
2.11	Type of Business	Click or tap here to enter text.
2.12	Business Address	Click or tap here to enter text.
2.13	Telephone Number	Click or tap here to enter text.
2.14	Date of Incorporation	Click or tap here to enter text.
2.15	Incorporation Number	Click or tap here to enter text.

Section 3: Details of the Recipient		
3.1	Select whether the Recipient is an individual or an Entity and complete the relevant section	<input type="checkbox"/> Individual (complete 3.2–3.8) <input type="checkbox"/> Business or Trust (complete 3.10-3.15)
3.2	Full name	Click or tap here to enter text.
3.3	Date of Birth	Click or tap here to enter text.
3.4	Passport/ID Number	Click or tap here to enter text.
3.5	Nationality	Click or tap here to enter text.
3.6	Occupation	Click or tap here to enter text.
3.7	Telephone Number	Click or tap here to enter text.
3.8	City/Region & Country	Click or tap here to enter text.
3.9	Complete the following if Recipient is	an Entity (Business or Trust)
3.10	Name of Entity/Business	Click or tap here to enter text.

3.11	Type of Business	Click or tap here to enter text.
3.12	Business Address	Click or tap here to enter text.
3.13	Telephone Number	Click or tap here to enter text.
3.14	Date of Incorporation	Click or tap here to enter text.
3.15	Incorporation Number	Click or tap here to enter text.

Section 4: Subject of the Suspicious Activity

4.1	Sender <input type="checkbox"/> Recipient <input type="checkbox"/> Both <input checked="" type="checkbox"/>
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Section 5: Information about the Suspicious Transaction/Activity

5.1	Date of suspicious transaction / activity	Click or tap here to enter text.
5.2	Basis for suspicious transaction / activity	Click or tap here to enter text.
5.3	Type of suspicious transaction / activity	Inward <input type="checkbox"/> Outward <input type="checkbox"/>
5.4	Description of suspicious transaction / activity	Click or tap here to enter text.
5.5	Status of the suspicious transaction / activity	Click or tap here to enter text.
5.6	Amount of the transaction (in USD)	Click or tap here to enter text.
5.7	Details or List of available documents	Click or tap here to enter text.
5.8		Click or tap here to enter text.
5.9		Click or tap here to enter text.

Section 6: Details of the Reporting Officer

6.1	Full Name	Click or tap here to enter text.
6.2	Declaration and Signature I am the officer authorised to make this declaration under Article 17 (b) of the AML/CFT Act of 2016. I hereby declare to the best of my knowledge and belief that the Suspicious Transactions Report (STR) is accurate.	
6.3	Date:	Click or tap here to enter text.

Section 7: Contact Us		
7.1	Send your suspicious transaction/activity reports	somaliafrc@protonmail.com
7.2	For further assistance contact our compliance	compliance@frc.gov.so
For FRC internal use only		
Date of receipt	Click or tap here to enter text.	
Code Number	Click or tap here to enter text.	

ANNEX 2: EXPLANATORY NOTES

These Guidelines are to be completed by the Money Transfer Businesses (Hawalas) operating in Somalia.

SECTION I: DISCLOSING PARTY

1.1 Select Type of Report: Please click on the textbox and a drop icon will appear on the right-side. Then click on the icon to select one of the following three topics (money Laundering, terrorist financing and Other (specify) to indicate the basis of your suspicion.

In many cases, it may not be possible to identify the actual criminal activity that is occurring. However, to assist in detecting suspicious transaction, reporting entity may refer to or screen transactions against red flag indicators, typologies and case studies. It may sometimes require a combination of the indicators to occur for it to be suspicious. Please refer to the **STR Guidance Notes** on the FRC Website.

1.2 The Institution (Name of the money transfer business).

1.2.1 to 1.9 Details of the Branch where the activity / transaction took place such as the address (street as applicable), District Area, physical or postal address, telephone numbers and emails.

SECTION 2: DETAILS OF THE SENDER

2.1 The type of Sender: Please click on the textbox and a drop icon will appear on the right-side. Then click on the icon to select whether the Sender is an individual or an entity.

2.2 to 2.8 Sender is an individual: Complete when Sender is an individual by providing full name, date of birth, passport or ID number, nationality, occupation, telephone number, city/region and country of residence.

2.9 to 2.15 Sender is a business or trust: Complete when Sender is an entity (business or trust) and provide name of entity or business, type of business, address of business, telephone number, date of incorporation, and incorporation number.

SECTION 3: DETAILS OF THE RECIPIENT

3.1 The type of Recipient: Please click on the textbox and a drop icon will appear on the right-side. Then click on the icon to select whether the Recipient is an individual or an entity (business or trust).

3.2 to 3.8 Recipient is an individual: Complete when Recipient is an individual and provide full name, date of birth, passport or ID number, nationality, occupation, telephone number, city/region and country of residence.

3.9 to 3.15 Recipient is a business or trust: Complete when Sender is an entity (business or trust) and provide name of entity or business, type of business, address of business, telephone number, date of incorporation, and incorporation number.

SECTION 4: SUBJECT OF THE SUSPICIOUS ACTIVITY

4.1 Please select whether the subject of the suspicious transaction or activity is a Sender, Recipient or both Sender and Recipient.

SECTION 5: INFORMATION ABOUT THE SUSPICIOUS TRANSACTION OR ACTIVITY

5.1 **Date of the suspicious activity** when the suspicion arose.

5.2 **Basis for suspicion:** Ask questions such as what and why and whether any actions or risk mitigation measures have been taken by the reporting institution.

5.3 **Type of Transaction:** whether the money transfer activity has been transacted using cash, cheque, or other means. Please specify whether the transaction is inward (funds coming into Somalia) or outward (funds leaving Somalia).

5.4 **Date of the transaction** when the activity was completed.

5.5 **Status of the transaction:**

5.6 **Description of the transaction:** Source of funds such as banking details of the customer, remitter's name, destination of funds, name of the beneficiary and location, etc.

5.7 **Amount (USD):**

5.8 **Details or list of available documents:**

SECTION 6: DETAILS OF THE REPORTING OFFICER

6.1 Full Name:

6.2 Declaration and Signature:

6.3 Date:

Section 7: Contact Us:

7.1 Send your suspicious transaction/activity reports (somalia@protonmail.com)

7.2 For further assistance contact our compliance team (compliance@frc.gov.so)