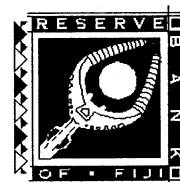




FijiFIU

Fiji Financial Intelligence Unit



Advisory Financial Transactions Reporting Act

Reference: 7/2007

Date: 11th July 2007

Re: Record Keeping

A. Purpose of this Advisory

1. A financial institution must create and maintain records of:
 - i. its customers' transactions (including correspondences relating to customer's transactions);
 - ii. its customers' identity;
 - iii. all reports made to the FIU such as suspicious transactions reports, electronic fund transfers reports; cash transaction reports and any other reports;
 - iv. all enquiries relating to money laundering and the financing of terrorism made to it by the FIU or a law enforcement agency. (FTR Act s.8.1)
2. The purpose of this advisory is to provide further guidance to financial institutions on how to fulfill these record keeping obligations.

B. What are the minimum types of customer and transaction records that should be maintained?

3. A financial institution should only keep those specific records which are *reasonably necessary* to enable a law enforcement agency or the FIU to reconstruct a customer's transaction at a future date. (FTR Act s.8.2).
4. Thus a financial institution may ask itself, what documents or records are necessary to reconstruct a customer's transaction? This will assist it in identifying those specific customer records that should be maintained.
5. The records to be maintained should at a minimum record the following details:
 - i. the name, address and occupation of a customer and if applicable the person on whose behalf the transaction is being conducted;
 - ii. the documents used by the financial institution to verify the identity of the person;
 - iii. the nature and date of a transaction;
 - iv. the type and amount of currency involved in a transaction;
 - v. the type and reference number of any account with the financial institution involved in the transaction;
 - vi. the details of any negotiable instrument used other than currency, (such as the name of the drawer of the instrument, the nature of the institution on which it was drawn, the name of any payee, the amount and date of the instrument, any number of the instrument and details of any endorsement appearing on the instrument);
 - vii. the name and address of the financial institution and of the officer, employee or agent of the financial institution who prepared the record.

C. How long should these records be maintained?

6. A financial institution must maintain these records for a minimum of 7 years from the date:
 - i. the evidence of a person's identity was obtained;
 - ii. of any transaction or correspondence;
 - iii. the account is closed or business relationship ceases

whichever is the later. (FTR Act s8.3)

7. For accounts which are opened but are not used by the customer (i.e no transactions are conducted in the account), the financial institution can maintain records of these accounts for up to 7 years from the date on which the account was opened and the customer's identity was obtained and verified.
8. For those accounts which become inactive or dormant over a period of time, the records on the customer and transactions should be kept for up to 7 years from the date of the last transaction or correspondence.
9. For active customer accounts, records should be kept for as long as the customer is conducting transactions in the account and 7 years from when the account is closed or the business relationship with the customer ceases.

D. How to adopt a risk based approach when applying the record keeping requirements of the FTR Act?

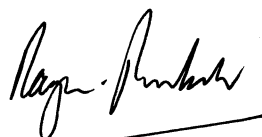
10. As with the other measures of the FTR Act, a financial institution is to apply the record keeping requirements on a *risk-based approach*.
11. Thus the type and comprehensiveness of records that you maintain for your customers should depend on the risk of money laundering and terrorist financing associated with each customer or a category of customer. Thus records for low risk customers should not be as detailed and as comprehensive as records for those category of customers considered as being at high risk for money laundering and terrorist financing.
12. Likewise, for high risk products such as international wire transfers or correspondent banking services, you may require that more detailed records be kept of the transactions compared to low risk products such as consumer loan products which may warrant less detailed records of transactions.
13. The FIU Advisory 5 of 2007 issued on 22nd June 2007 provides detailed guidelines on how to identify high risk and low risk customers.

E. In what form should these records be kept?

14. A financial institution can keep these records in a machine-readable form or any other prescribed form from which a paper copy can be readily produced. Records kept in a machine-readable form refer to electronic records kept in a structured format which can be analyzed electronically such as a customer excel database.
15. The form and manner in which a financial institution decides to use to maintain these records must enable it to comply as soon as practicable with requests for information from the FIU or a law enforcement agency. (FTR Act s 8.4)

F. How can you align the requirements of the FTR Act to your Business Continuity Plans or requirements?

16. A financial institution may build in these record keeping requirements of the FTR Act into its business continuity plans or procedures. Thus financial institutions may archive its customers' records as part of its business continuity plans. However when doing so, it must ensure that customer archived records contains the minimum details of a customer and his or her transaction as outlined in paragraph 5.
17. A financial institution may keep certain transactions for certain number of periods on-line as per their business continuity plan. For example, for housing loan customers who have completed their 25 years of loan payment, a financial institution may maintain the last two years records of the loan account on-line, while the first 23 years records of the loan account are kept as archived records off-site. For other types of products, the period of transaction records kept on-line may differ.
18. Financial institutions should consult the FIU should they wish to seek further clarification.



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