

FIU-Nepal Newsletter

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Foreword



Dirgha Bahadur Rawal
Head of FIU-Nepal

Financial Intelligence Unit (FIU-Nepal) has been working as a central focal point of Nepal's Anti-Money Laundering (AML) regime to combat Money Laundering (ML), Terrorism Financing (TF) and Proliferation Financing (PF). It is the agency responsible for receipt, analysis and dissemination of financial information on suspected ML, TF and PF activities. FIU-Nepal, through analysis, converts information to intelligence and disseminates intelligence to the relevant Law Enforcement Agencies (LEAs) for further investigation, regulatory/supervisory authorities for regulatory actions. In FIU, we also request and send financial information to/from foreign FIUs for intelligence purpose via EGMONT Group's¹ Secure Web .

For reporting, analyzing and dissemination of financial information with confidentiality and efficiency, FIU-Nepal has implemented goAML System developed by United Nations Office on Drugs and Crime (UNODC). FIU-Nepal has been successful to integrate both types of Reporting Entities (REs), Financial Institutions (FIs) and Designated Non-Financial Businesses and Professions (DNFBPs), in goAML system for reporting of Suspicious Transaction/Activity Reports (STR/SARs), Threshold Transaction Report (TTR) and for communication of additional information and feedback. After implementation of goAML system, we have seen significant increase in reporting of STR/SARs to FIU-Nepal. In addition, major LEAs and regulatory authorities are integrated in goAML system for dissemination and feedback.

FIU-Nepal closely coordinates with concerned domestic and international agencies on issues related with ML/TF/PF. FIU-Nepal is focal agency for the coordination and implementation of National Strategy and Action Plan on AML/CFT. After recent amendments in ML related laws, FIU-Nepal has been coordinating with stakeholders for amending directives, manuals, procedures and implementation of activities as per amended laws.

FIU-Nepal is also working as secretariat of Coordination Committee (CC) formed as per Assets (Money) Laundering Prevention Act (ALPA), 2008. Furthermore, head of FIU - Nepal is one of the members of Regulatory Coordination

Mechanism (RCM), Investigation Coordination Mechanism (ICM), Counter Terrorism Mechanism (CTM) and Technical Group which is formed as per National Strategy and Action Plan.

Nepal had recently gone through Asia/Pacific Group on Money Laundering (APG) Third Round Mutual Evaluation in 2022-23 and Nepal's Mutual Evaluation Report was published by APG on September, 2023. FIU-Nepal along with technical team is coordinating with all concerned authorities and agencies for coordinating with Financial Action Task Force (FATF)'s International Co-operation and Review Group (ICRG) and APG for post-MER reporting and for preparation of Post-Observation Period Report (POPR). FIU-Nepal is functioning as the primary contact point for communication between FATF-ICRG and APG.

I take this opportunity to thank Directors' Committee, Coordination Committee, Nepal Rastra Bank and all the domestic stakeholders including reporting entities, regulators, LEAs, and other committees/mechanisms for their continued support and cooperation. I would also like to thank FATF, APG secretariat, EGMONT group and our foreign counterparts for their continuous support to FIU-Nepal. I would also like to thank LEAs, regulators and REs who have provided their valuable testimonials for FIU-Nepal for this newsletter.

Finally, I would like to thank Deputy Director Mr. Sworup Shrestha and Assistant Director Mr. Amish Sharma of Policy and Planning team for their leadership to publish this newsletter. I would also like to thank Deputy Directors Mr. Keshav Prasad Rimal and Mr. Bishnu Prasad Guragain for their continuous support. Lastly, I would also like to express my sincere appreciation to all the employees of FIU-Nepal for their exceptional team work, dedication and enthusiasm.

I hope this newsletter will be useful to our stakeholders to get acquainted with major activities of FIU-Nepal during 2023. We welcome your feedback for our continuous improvement.

¹ The Egmont Group is a united body of 177 Financial Intelligence Units (FIUs) to support national and international efforts to counter-terrorist financing.

Reporting Statistics: STR/SAR

Figure 1: Year-wise receipt of STR/SAR

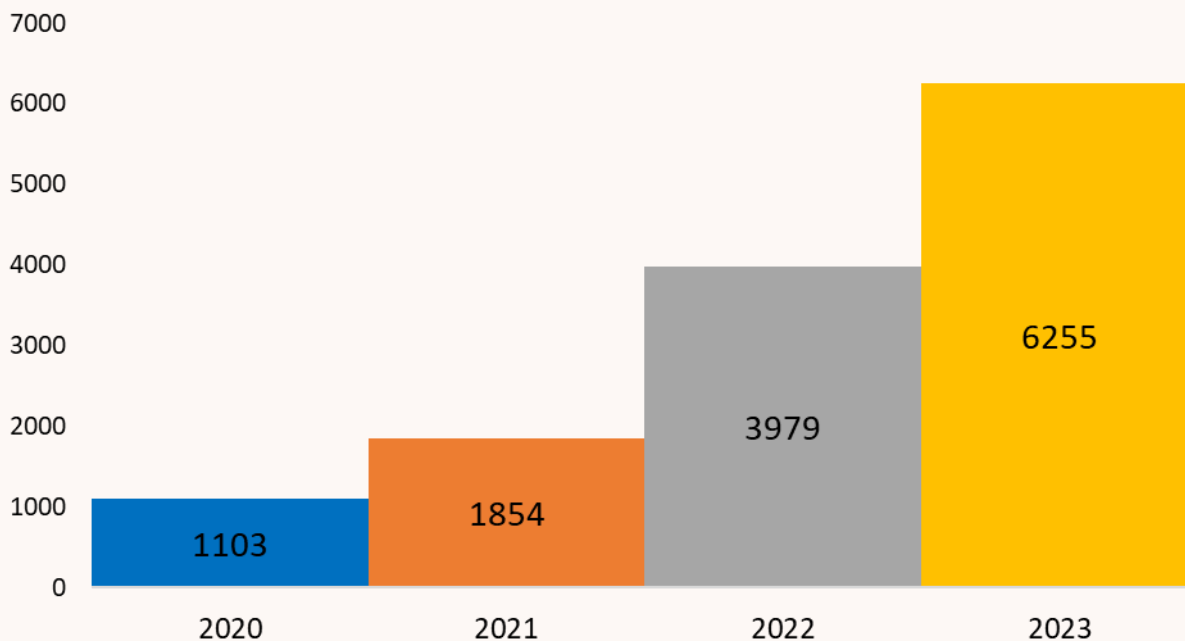
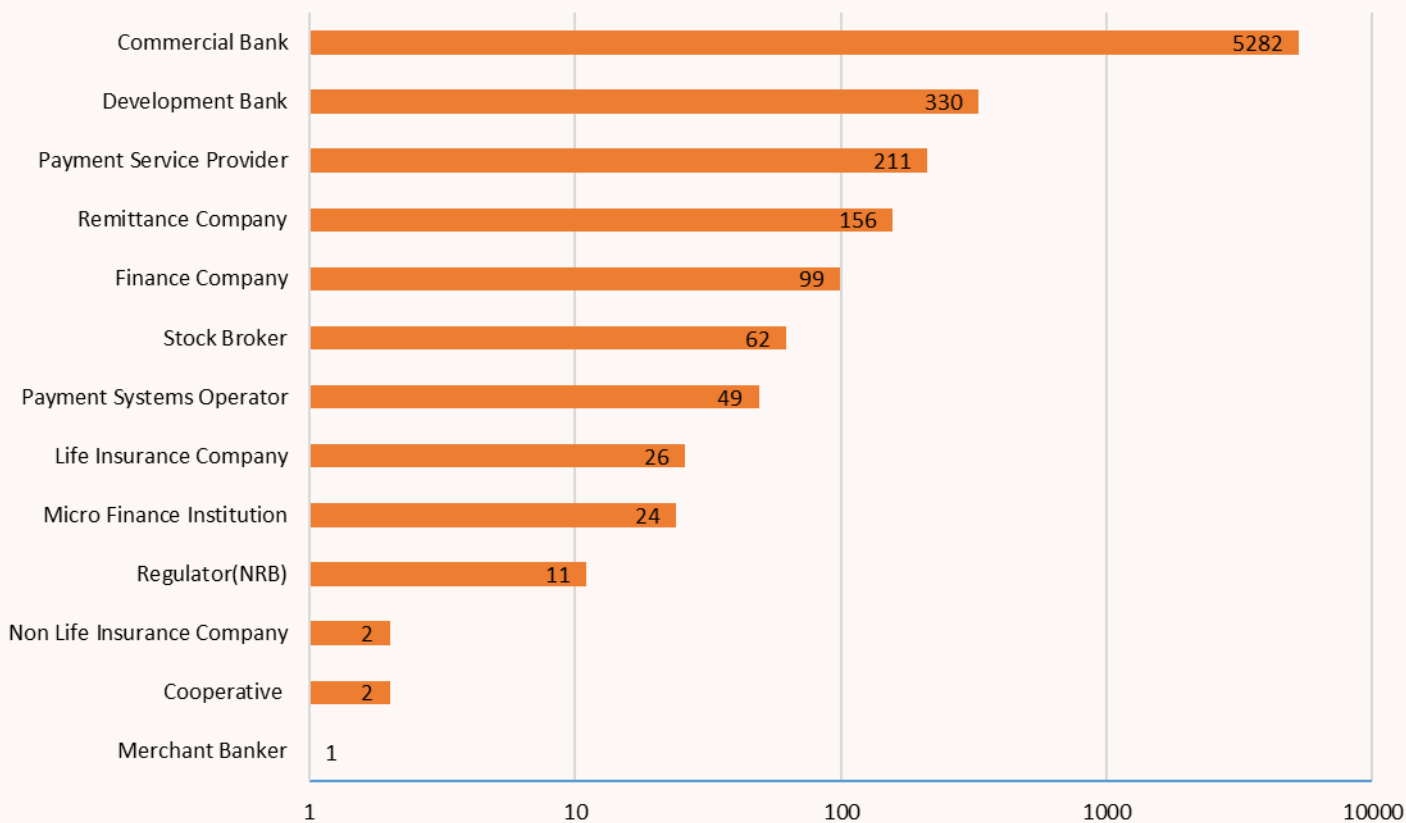


Figure 2: Sector-wise STR/SAR receipt in 2023



Note: For this Newsletter, yearly data from January to December.

Reporting Statistics: STR/SAR

Figure 3: Predicate offence-wise STR/SAR receipt in 2023



Notes:

- Same STR/SAR may have multiple predicate offences linked with it.
- **When REs are not able to link STR/SAR to any of the given predicate offences (listed in Annexure of ALPA, 2064), then report it as 'Money Laundering' as predicate-offence.*
- For this Newsletter, yearly data from January to December, 2023.

Reporting Statistics: STR/SAR

Figure 4: Category-wise STR/SAR receipt in 2023

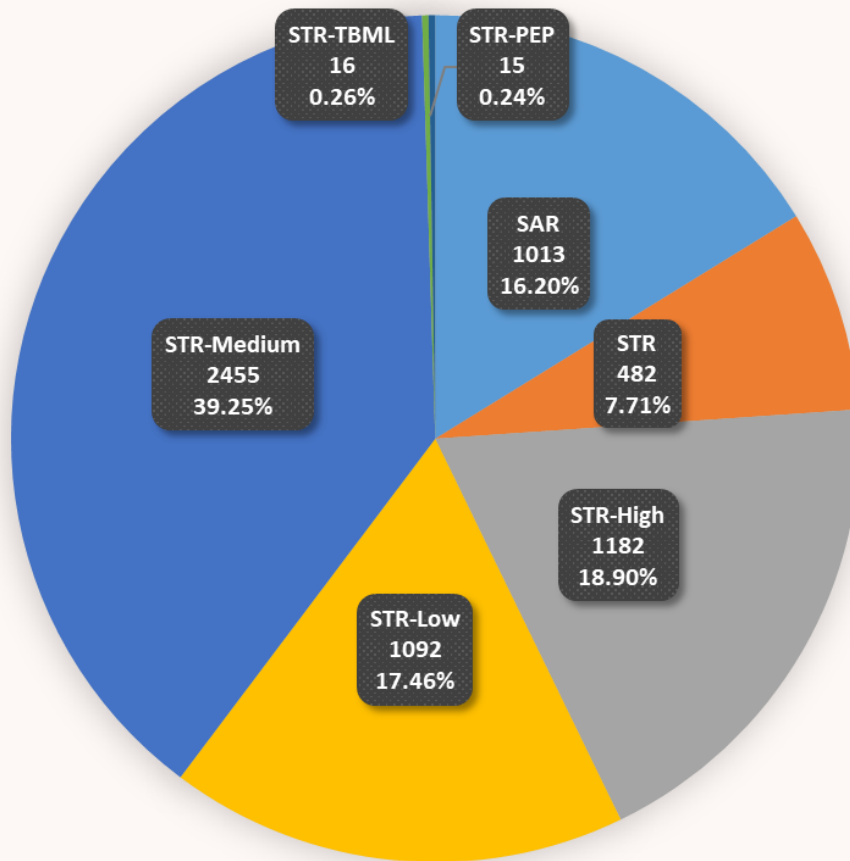
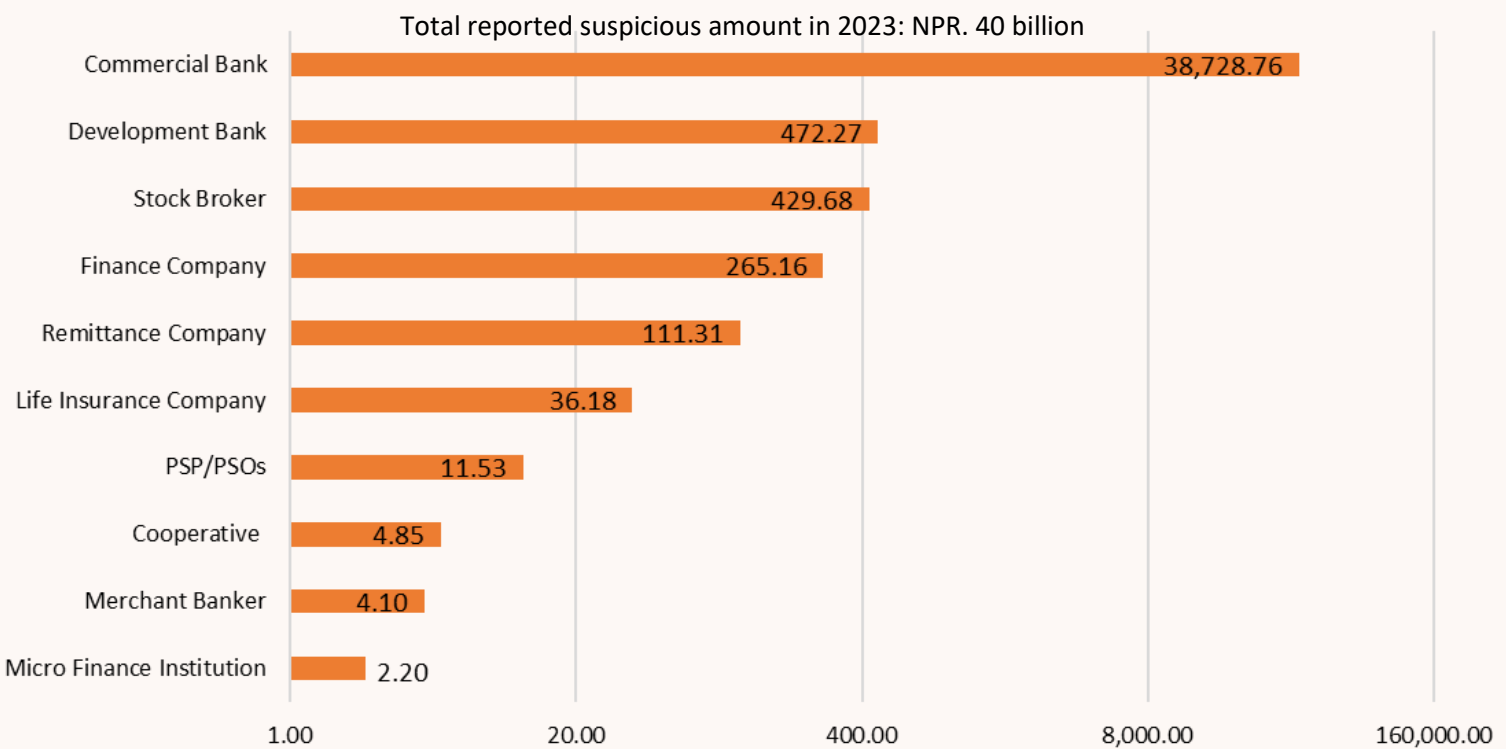


Figure 5: Sector-wise STR/SAR, in terms of amount, reported in goAML System in 2023 (Amount in NPR. million)



Note: For this Newsletter, yearly data from January to December.

Reporting Statistics: STR/SAR

Figure 6: Category-wise STR/SAR, in terms of amount, reported in goAML System in 2023 (Amount in NPR. million)

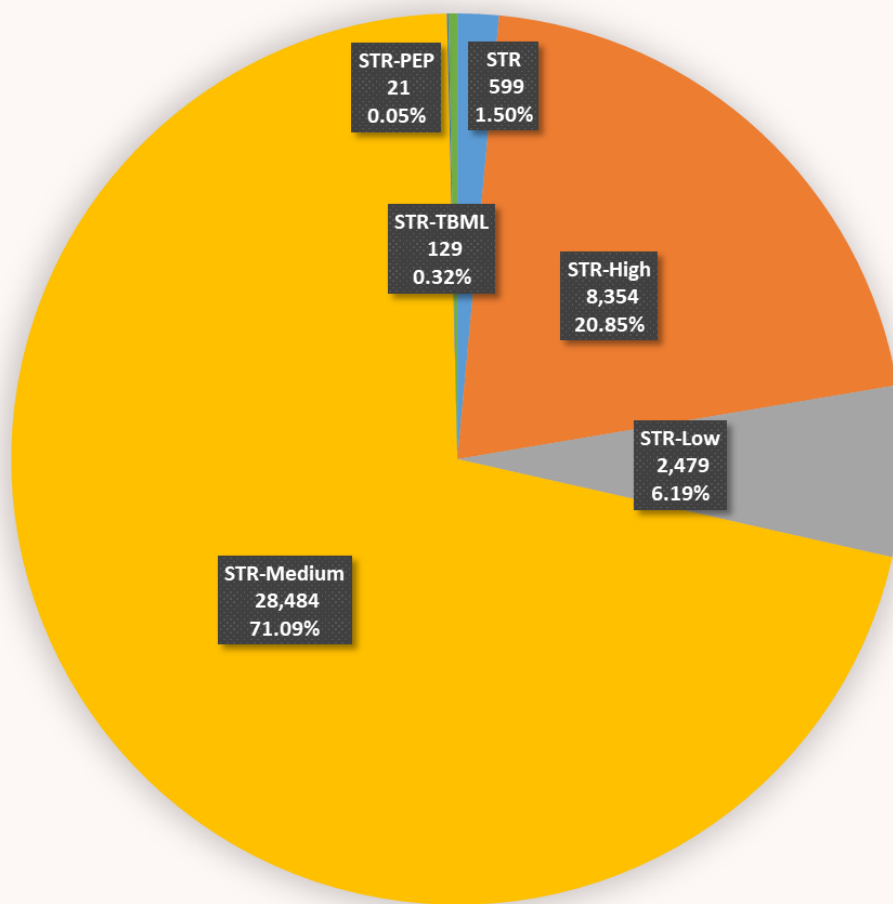
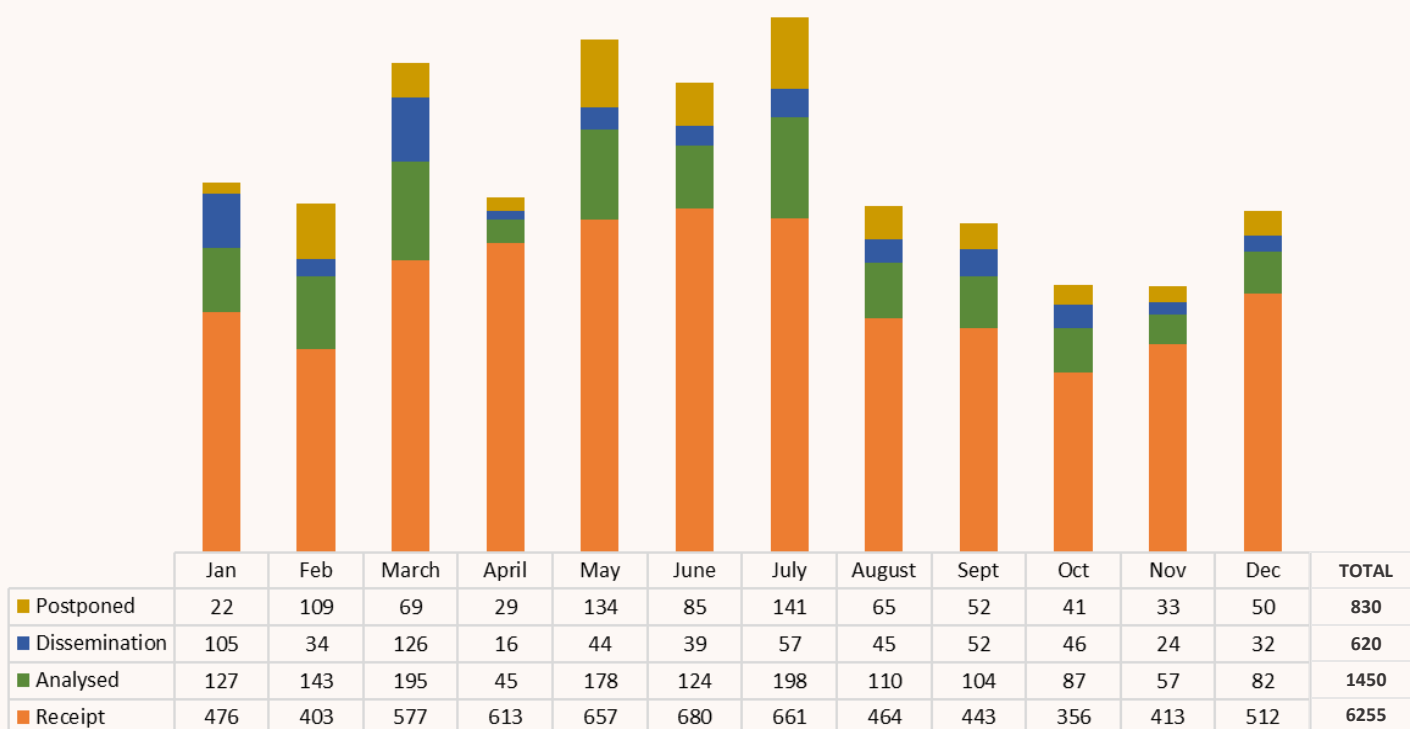


Figure 7: Month-wise status of STR/SAR in 2023



Note: For this Newsletter, yearly data from January to December.

Figure 8 (a): Predicate offence-wise dissemination of STR/SAR in 2023

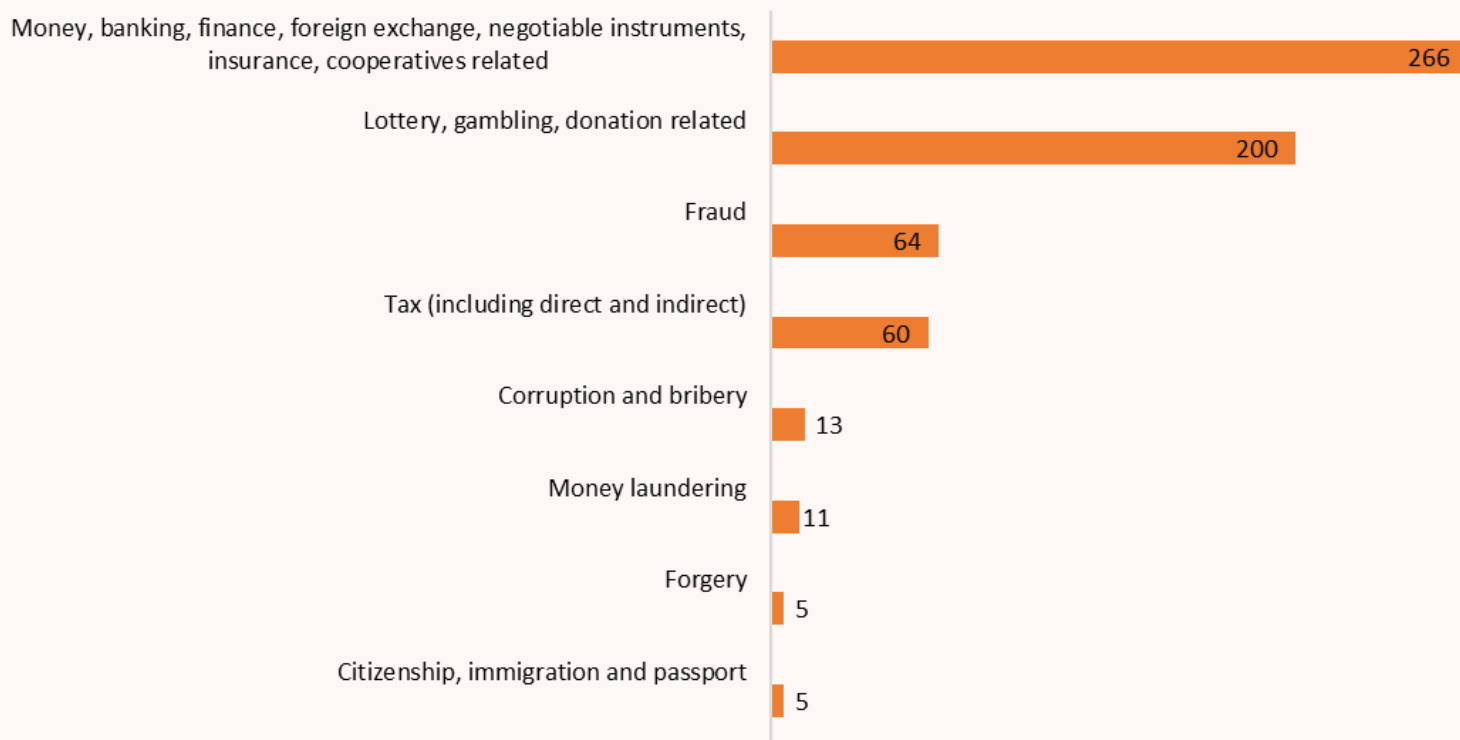
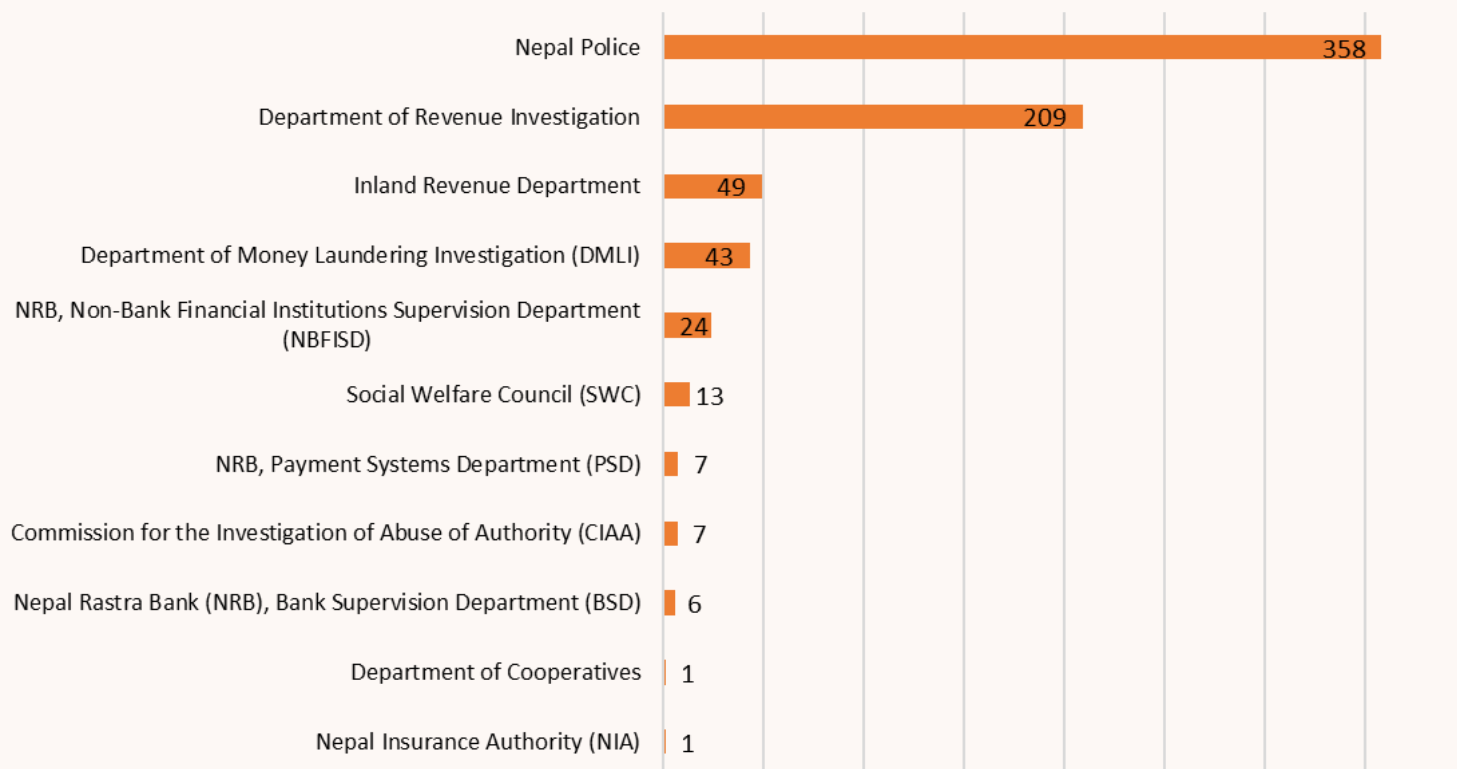


Figure 8 (b): Agency-wise Dissemination of STR/SAR in 2023



Note: For this Newsletter, yearly data from January to December.

Reporting Statistics: Threshold Transaction Report (TTR)

Figure 9: Year-wise TTR receipt

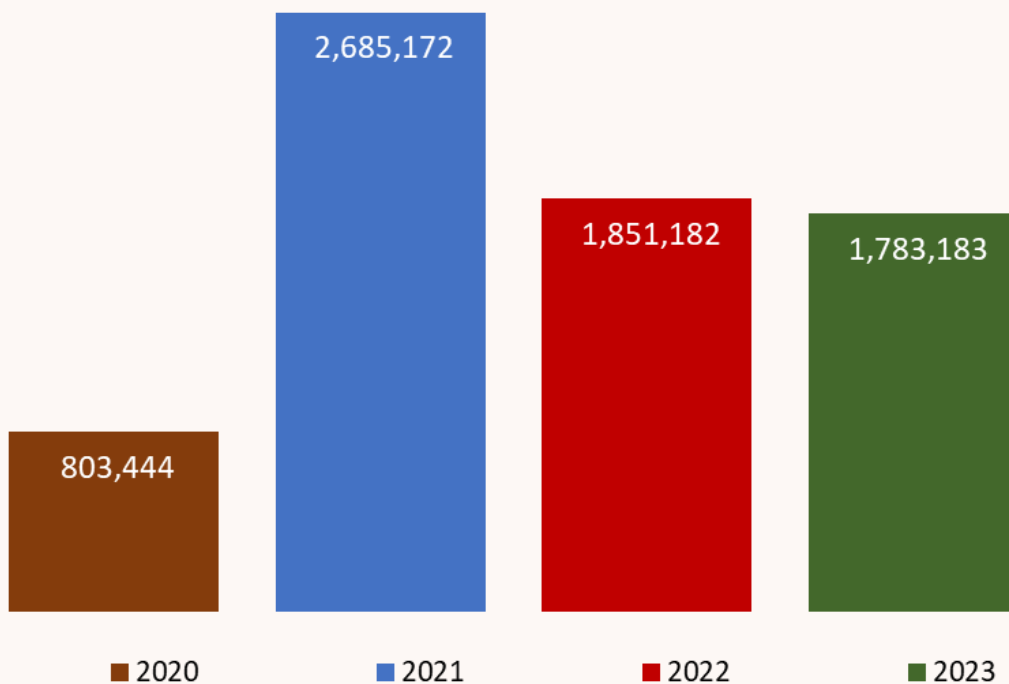
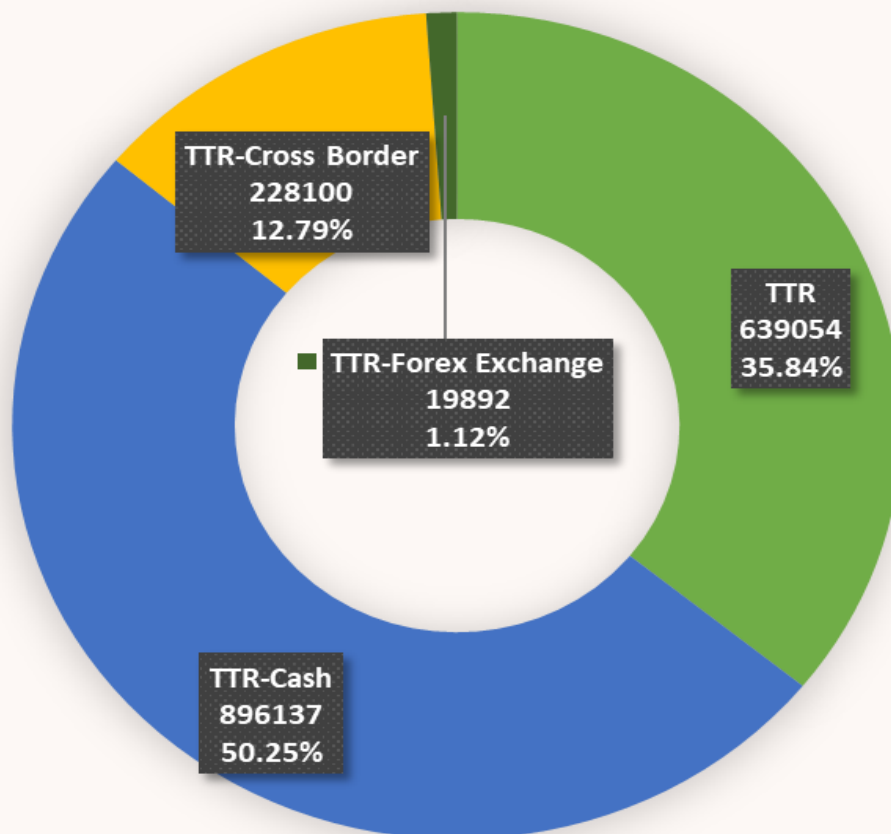


Figure 10: Category-wise TTR receipt in 2023



Note: For this Newsletter, yearly data from January to December.

Reporting Statistics: TTR

Figure 11: Sector-wise TTR receipt in 2023

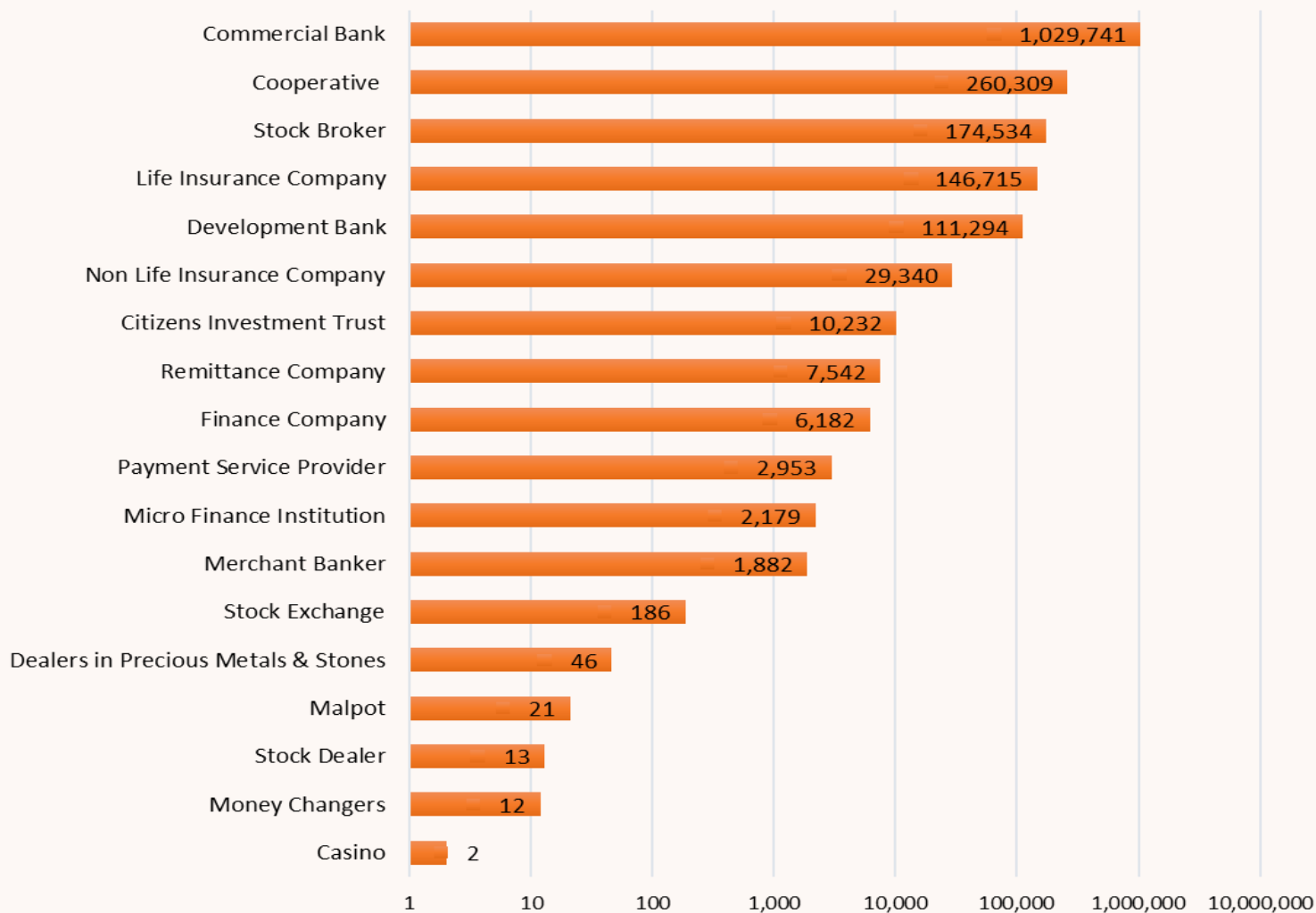
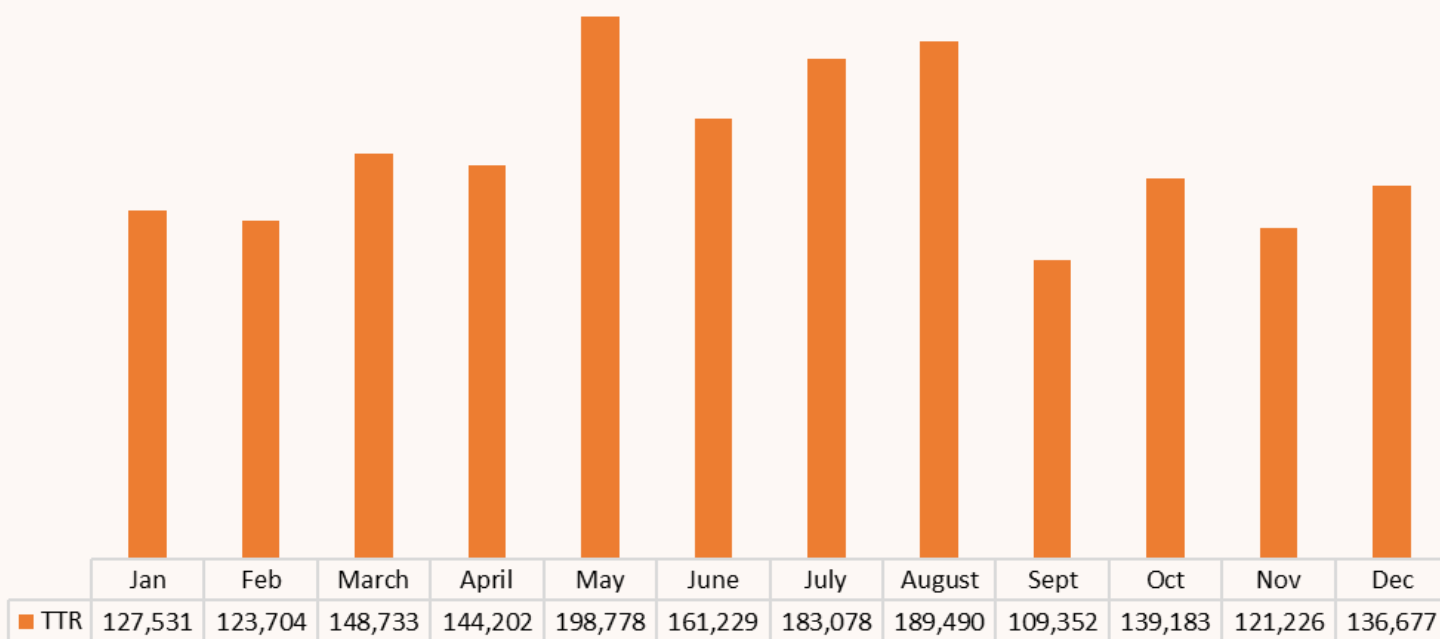


Figure 12: Monthly TTR receipt in 2023



Note: For this Newsletter, yearly data from January to December.

goAML Integration Status

Figure 13: Integration of REs and other agencies in goAML System as of March 13, 2024 (Total: 1496)

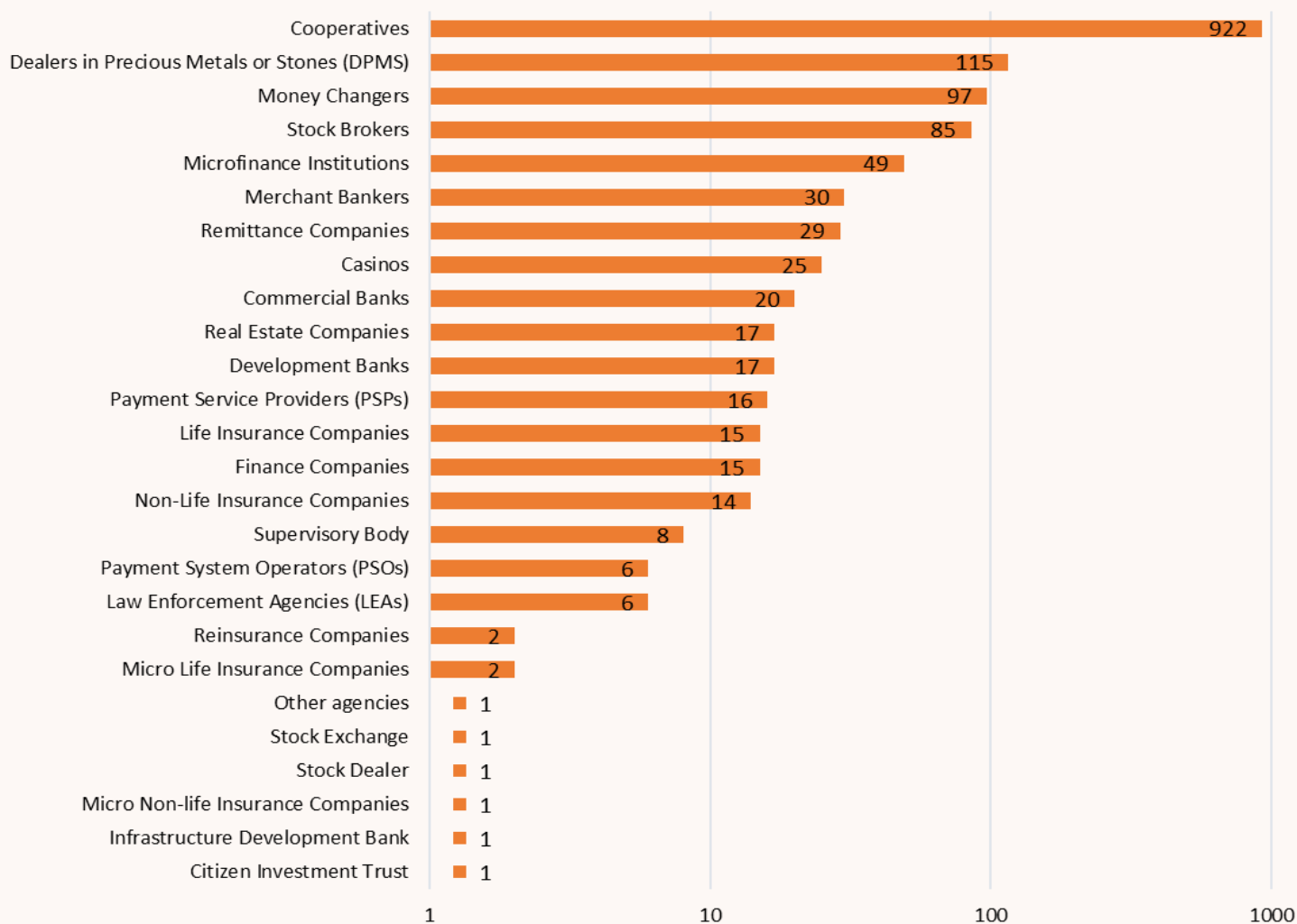


Figure 14: STR/SAR Reporting channels in 2023

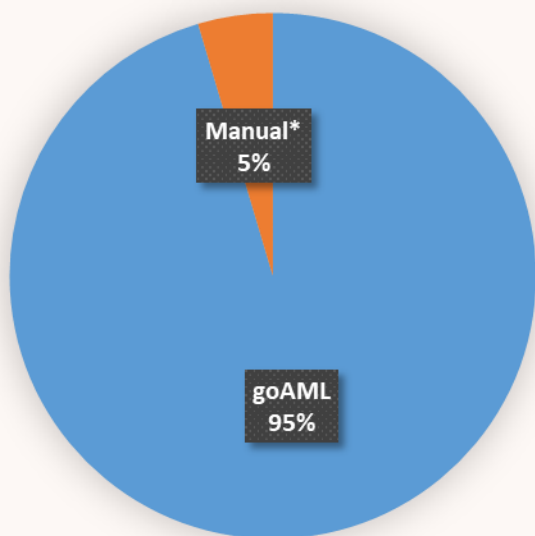
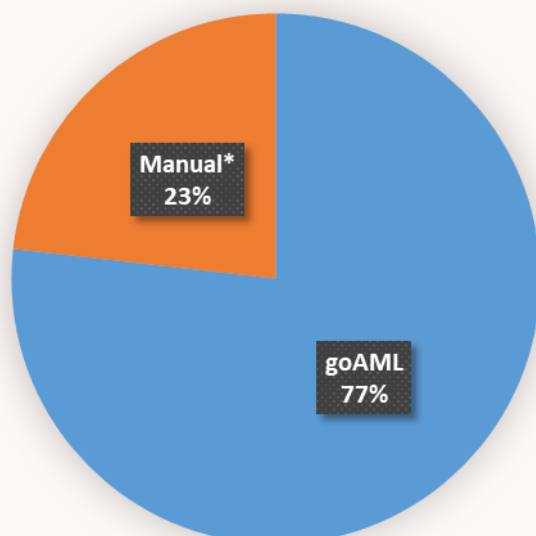
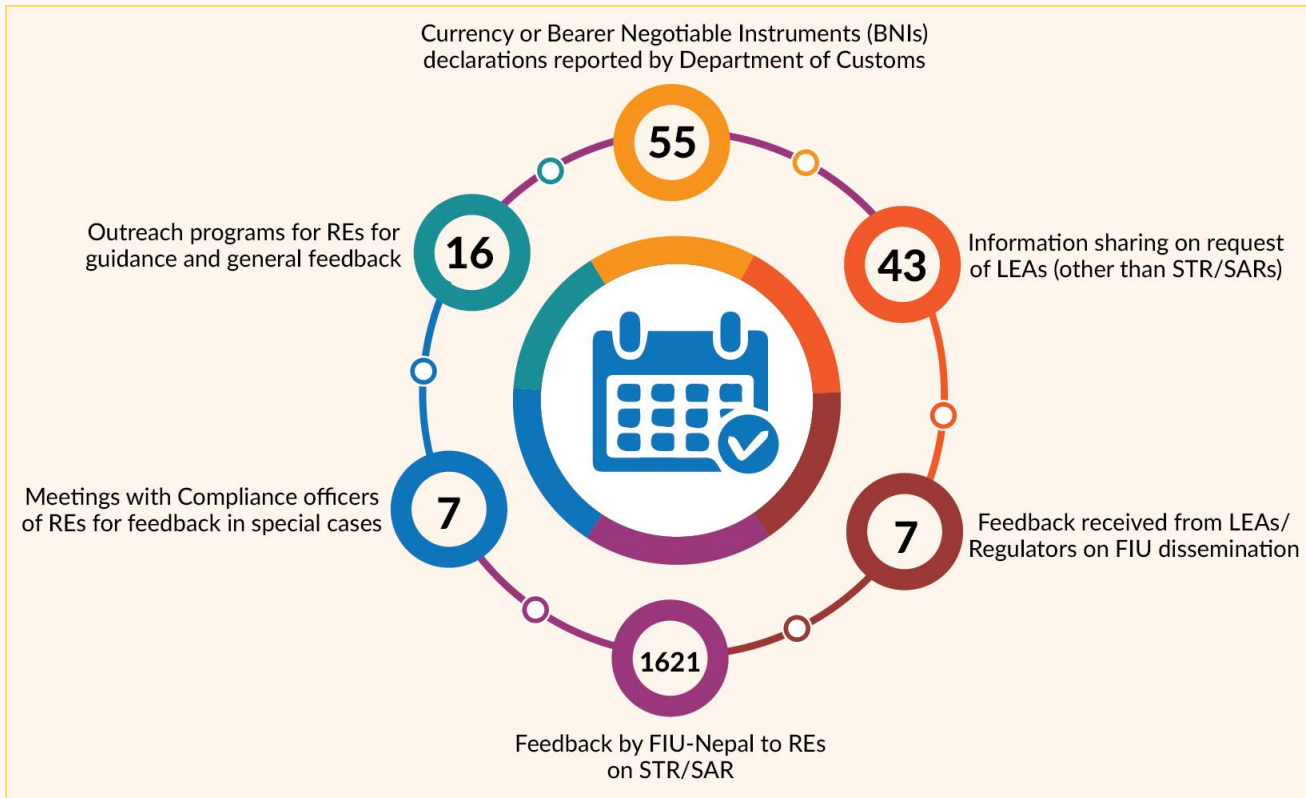


Figure 15: TTR reporting channels in 2023



- Notes:**
- *Since August 15, 2023, all REs are required to submit STR/SAR/TTR to FIU-Nepal through goAML system only.
 - For this Newsletter, yearly data from January to December.

Domestic Cooperation and Feedback - 2023



International Cooperation - 2023



Note: For this Newsletter, yearly data from January to December.

Testimonials from Law Enforcement Agencies

1. Nepal Police



As a central authority and functionally independent unit, the Financial Intelligence Unit (FIU-Nepal) is directly responsible for receiving, analyzing and disseminating the suspicious transaction for investigation to the Law Enforcement Agencies. Nepal Police Headquarters disseminates the intelligence received from FIU-Nepal to the specialized investigative units of Nepal Police (Central Investigation Bureau (CIB), Special Bureau (SB), Crime Investigation Department (CID) and other investigative units). These days, majority of crimes have elements of financial issues directly or indirectly. FIU-Nepal plays a crucial role in the investigation of financial crime by providing intelligence related with criminal intelligence which carries value for national economy. The intelligence reports received from FIU-Nepal are mainly related with investment on virtual assets, online gambling, illegal networking businesses and supports in identification of elements of Money laundering / Terrorist Financing (ML/TF). The intelligence received from FIU-Nepal are analyzed for

the identification and collection of the evidences, associated predicate offences and track the proceeds of crime. Further, FIU-Nepal has been supporting Nepal Police in investigation by providing information from foreign FIUs via EGMONT group for intelligence purpose.

FIU-Nepal has been using goAML system for the dissemination of Suspicious Transaction Report (STR), Suspicious Activity Report (SAR) and Threshold Transaction report (TTR) to the investigative agencies through which confidentiality and integrity of the intelligence is maintained. Nepal Police also uses goAML system for receiving and requesting the intelligence from FIU-Nepal. FIU-Nepal plays an important role on cooperation and coordination between regulatory and investigative agencies in Anti-Money laundering /Combating the Financing of Terrorism (AML/CFT) regime. Head of FIU-Nepal is an active member of Coordination Committee and Counter Terrorism Mechanism (CTM) where FIU-Nepal supports in the formulation of plans, policies and actions to combat ML and TF. FIU-Nepal suggests the concerned agencies to comply with international guidelines and standards. FIU-Nepal organizes the interaction and outreach programs for the law enforcement agencies in Nepal. The interaction programs have become an appropriate forum for sharing information, ideas and to tackle issues related to the financial investigation. *(Source: focal person of Nepal Police)*

2. Department of Money Laundering Investigation (DMLI)



Financial Intelligence Unit (FIU-Nepal) is conceived under AML/CFT regime as a heart under cardiovascular system of human body. Further, FIU-Nepal is a bridge between reporting entities, regulatory/supervisory agencies and Law Enforcement Agencies (LEAs). It also facilitates in international cooperation being a member of Egmont group. The significant job under AML/CFT regime is to bring all the suspicious transactions/activities and threshold transactions to be reported to FIU-Nepal. Reporting Entities (REs) are responsible to file STR, TTR as well SAR to FIU-Nepal. FIU-Nepal does financial analysis upon such information, transfer it as actionable financial intelligence then it disseminates the most feasible information to Law enforcement agencies for intelligence

purpose only. The FIU-Nepal dissemination is one of the prominent sources of information to lead the further investigation, though FIU-Nepal's dissemination neither holds the room of complaints nor evidence. It is mere a sources of information and intelligence. Law enforcement agencies need to undertake the process of gathering information clandestinely based on the FIU-Nepal's dissemination. This is not the matter of disclosure even before the judiciary. The authorized person primarily can submit the report being based on the information obtained through the analysis of FIU-Nepal's dissemination, which could be registered as a compliant.

FIU-Nepal is not a body that is structured to identify the criminality. It is only obliged to share such information based on the reporting which are likely to be associated with criminal activities. Being a member of Egmont Group, FIU-Nepal facilitates international cooperation when domestic agencies asks for information from international FIUs. Moreover, goAML software is effectively being practiced connecting tool between reporting entities and FIU-Nepal aiming to enable the reporting function in an easier and paperless manner. The Law enforcement agencies, regulators as well as reporting entities are massively be benefited from the installation of goAML System. DMLI does communication to FIU-Nepal via goAML system. It would be better to integrate all the reporting entities as soon as possible. FIU-Nepal's dissemination from the early days has given a desire result in terms of investigation, prosecution as well adjudication. There are several convicted cases based on the FIU-Nepal's dissemination. *(Source: focal person of DMLI)*

Testimonials from Regulatory/Supervisory Agencies

3. Bank Supervision Department (BSD), Nepal Rastra Bank (NRB)



Financial Intelligence Unit (FIU-Nepal) is a national agency responsible for receiving, processing analyzing and dissemination financial information and intelligence in suspected money laundering, terrorist financing and proliferation financing activities to the relevant law enforcement/investigative agencies and foreign FIUs. It reviews and analyzes the collected information and further shares to initiate regulatory action. FIU-Nepal as a member of Egmont Group is able to receive and share information from/to foreign FIUs. Information receiving from Egmont Group can be used for further investigation to combat money laundering, terrorist financing and proliferation financing. FIU-Nepal should form teams and formal groups of regulators and REs for periodic meetings and interactions and should focus of exchanging data and information digitally to regulators by maintaining confidentiality. FIU-Nepal Plays pivotal role on cooperation and coordination in AML-CFT regime in Nepal by sharing financial information and intelligence in suspected ML/TF/PF activities to concern authorities. Moreover, it works like buffer between Reporting Entities, Regulator, Supervisor and Law Enforcement Agencies. It is the secretariat of Coordination Committee and coordinates with all stakeholders of AML/CFT regime and is operating in a harmonious relationship with them. It has implemented goAML system for effective collection, analysis and dissemination of Suspicious Transaction Report/Suspicious Activity Report and so far has done tremendous task for countering money laundering and terrorist financing. Further, FIU-Nepal has been organizing various seminars, trainings and interactions programs for regulators and with other reporting entities which has contributed to identify, internalize and exchange common issues, challenges and common understanding on AML/CFT regime in Nepal. *(Source: focal person of BSD, NRB)*

4. Non-Bank Financial Institution Supervision Department (NBFISD), NRB



As per the department's given mandate, our department has been involved in the supervision of non-banking entities that are under NRB's supervisory purview. The Department has been working closely with FIU-Nepal concerning AML/CFT supervision of these institutions, especially in matters relating to financial intelligence reporting. We have exchanged financial information several times with FIU-Nepal in the course of carrying out our supervisory duties. The Unit has forwarded us the relevant information on suspicious transactions, along with a detailed analysis, that could have violated the regulatory provisions. Likewise, our inspection team has forwarded potentially suspicious transactions that were not identified and reported by the institution to the Unit. We have made joint efforts on the goAML integration of the remittance companies and money changers. FIU-Nepal has regularly provided us with updated data on the status of integration on the goAML System. Recently, it has provided goAML system access for information exchange. At FIU-Nepal's request, our department has also organized a stakeholder meeting with remittance companies in which we arranged for a presentation from the Unit on goAML integration and reporting. Presently, we have successfully brought all the active remittance companies and more than 100 money changers into the reporting system. Further, FIU-Nepal has invited representatives from our department several times to the interaction program organized by the Unit for the reporting entities on matters related to AML/CFT provisions and the reporting of financial information. We look forward to continuing close coordination and cooperation with the Unit in the upcoming days. *(Source: focal person of NBFISD, NRB)*

5. Nepal Insurance Authority (NIA)



Nepal Insurance Authority (NIA) is the sole Regulatory Agency established to systematize, regularize, inspect, and supervise insurance business in Nepal. It is an autonomous institution, established under the Insurance Act, 2022. The Authority is responsible for the regulation of insurance business in Nepal. As per ALPA 2008, all insurance companies must report TTR, STR and SAR details to FIU-Nepal periodically. The NIA has directed to all entities under its supervision to connect to FIU-Nepal through goAML software for reporting purpose. NIA monitor that whether insurance companies have been integrated in this system or not. The NIA promptly take action on any information and request from FIU-Nepal regarding this matter. NIA inspect, investigate and identify and collect evidences for further procedures and recommend to concern authorities based on dissemination from FIU-Nepal. NIA and FIU-Nepal are closely coordinating in for integration of REs from insurance sector in goAML system. NIA has already taken support from FIU-Nepal in the case of customizing the required reporting format to insurance related transactions. Both of these authorities have mutually worked for preparing for red flags and parameters concerning to STR/SAR in insurance sector. As a central authority, the FIU-Nepal is directly connected to insurance companies for receiving, analyzing and disseminating the suspicious and other data related to the ML/TF/PF and FIU-Nepal is also in touch to NIA in the context of AML/CFT issues in insurance sector. NIA has been actively participated in the program organized by FIU-Nepal in the complete implementation of goAML system to all insurance companies for reporting of SAR, STR and TTR as per ALPA 2008 and the directives relating to AML/CFT issued by NIA. *(Source: focal person of NIA)*

Testimonials from Reporting Entities

6. Citizens Bank International Ltd.



We are deeply grateful for the opportunity extended by FIU-Nepal to contribute to their esteemed newsletter, allowing us to share our experiences with all its readers. The AML/CFT regime in Nepal is closely intertwined with the efforts of FIU-Nepal. When discussing the establishment of the effective AML/CFT framework in Nepal, it is essential to acknowledge the significant contributions of FIU-Nepal in ensuring its effectiveness. Be it the effective implementation of goAML system, publishing various educational and informative resources in their website, conducting various trainings, workshops, interaction programs to working as the secretariat of AML/CFT related Coordination Committee; FIU-Nepal has excelled in all fronts.

With the implementation of goAML system in Nepal, there is rapid exchange of information from reporting entities to FIU-Nepal and vice versa, while ensuring secured and confidential reporting in encrypted forms, which has made the reporting of STR, SAR and TTR easier, quick and confidential. goAML system of FIU-Nepal has minimized the risk of leaking, manipulating or tipping off information that was inevitable with physical reporting. The support provided by FIU-Nepal has been immensely beneficial, particularly in terms of the constructive and concise feedback received related to the STR/SARs filed by the Bank. These feedbacks have proven invaluable in enhancing the quality of our STR/SAR submissions. We are very grateful for all the support, trainings and resources FIU-Nepal has given us. They have really helped make our efforts to prevent money laundering and terrorism financing in the banking sector much more effective. *(Source: compliance officer of Citizens Bank International Ltd.)*

7. Global IME Capital Ltd.



We, Global IME Capital Ltd., as a Merchant Banker licensed by Security Board of Nepal (SEBON) express profound gratitude for the exceptional support extended by FIU-Nepal, which has significantly enhanced our financial endeavors. Their professionalism and proactive approach have gone beyond expectations, ensuring a fruitful collaboration that we eagerly anticipate continuing in the future. The goAML system stands as an invaluable asset, providing a confidential and secure platform essential for our operations. Its unwavering reliability ensures the integrity and confidentiality of our data, thereby fortifying our processes effectively. With its robust framework, the goAML system guarantees the secure handling of critical information, instilling trust and reliability in our operations.

In the landscape of Nepal's AML-CFT regime, FIU-Nepal plays a pivotal role in fostering cooperation and coordination. Through strategic partnerships and efficient communication channels, FIU-Nepal facilitates unified efforts, creating a resilient framework against money laundering and terrorist financing. Furthermore, as a financial institution, Global IME Capital recognizes the importance of FIU-Nepal's role in ensuring compliance and safeguarding the integrity of the financial system. We commend FIU-Nepal for its efforts in organizing impactful interaction and outreach programs aimed at fostering awareness and engagement within the community. These initiatives serve to enhance understanding and commitment to combating financial crimes, thus strengthening our collective efforts in this regard. In conclusion, FIU-Nepal has been instrumental in various aspects, particularly in effectively reporting suspicious transactions/activities. Our diligent efforts, in collaboration with FIU-Nepal, have resulted in the reporting of STR/SAR/TTR and other additional information, underscoring our unwavering commitment to combatting financial crimes and maintaining the integrity of the financial system. *(Source: compliance officer of Global IME Capital Ltd.)*

8. American Life Insurance Company (MetLife Insurance)



FIU-Nepal has been serving as pivotal role in enhancing coordination within Nepal's AML-CFT regime for strengthening country's defenses against ML/TF/PF. FIU-Nepal's continuous support and dedication towards raising awareness and fostering a secure financial environment in Nepal is truly appreciable. The outreach and engagement programs during implementation of the goAML system and country's risk assessment was highly inspiring. goAML platform, customized to fit the insurance industry reflects FIU-Nepal's flexible approach, and implemented through multiple engagement programs has reformed the approach in reporting suspicious transactions/activities in confidential and secure platform. Their unwavering commitment to safeguarding the financial system not only instils confidence but also fosters a secure and transparent business environment. Insurance industry have greatly benefitted from the exemplary support provided by FIU-Nepal. We highly commend their dedication and invaluable support. We express our best wishes to FIU-Nepal for its continued success and expect further collaboration in design and support for implementing strong AML environment in global standards. *(Source: compliance officer of American Life Insurance company)*

Article: About Virtual Assets (VA) and Virtual Assets Service Providers (VASP)



Compiled by
Mr. Swrup Shrestha
Deputy Director, FIU-Nepal

(A) Financial Action Task Force (FATF): VA and VASP

Blockchain, bit coin, crypto assets, virtual currencies ... a whole new vocabulary describing innovative technology to swiftly transfer value around the world. The fast-evolving blockchain and distributed ledger technologies have the potential to radically change the financial landscape. But, their speed, global reach and above all - anonymity - also attract those who want to escape authorities' scrutiny. Blockchain originated just over 10 years ago. Since then, virtual assets have become widely available and have started to be used as payment products.

As per FATF definition **Virtual Asset (VA)**, is a digital representation of value that can be digitally traded, or transferred, and can be used for payment or investment purposes. Virtual assets do not include digital representations of fiat currencies, securities and other financial assets. And, **Virtual Asset Service Provider (VASP)** means any natural or legal person who as a business conducts one or more of the following activities or operations for or on behalf of another natural or legal person:

- exchange between virtual assets and fiat currencies;
- exchange between one or more forms of virtual assets;
- transfer of virtual assets;
- safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets; and
- participation in and provision of financial services related to an issuer's offer and/or sale of a virtual asset.

Virtual assets have many potential benefits. They could make payments easier, faster, and cheaper; and provide alternative methods for those without access to regular financial products. But without proper regulation, they risk becoming a virtual safe haven for the financial transactions of criminals and terrorists. The FATF has been closely monitoring the developments in the cryptosphere and in recent years has seen the first countries start to regulate the virtual asset sector, while others have prohibited virtual assets altogether. However, as yet, the majority of countries have not taken any action. These gaps in the global regulatory system have created significant loopholes for criminals and terrorists to abuse.

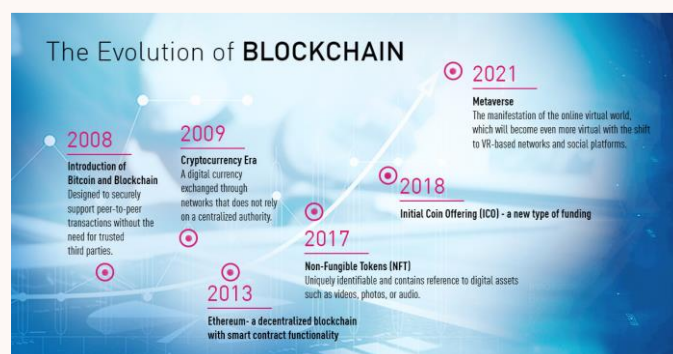
The effective global implementation of these standards by all countries will ensure virtual asset technologies and businesses can continue to grow and innovate in a responsible way, and it will create a level playing field. It will prevent criminals or terrorists seeking out and exploiting jurisdictions with weak or no supervision.

Virtual assets are inherently international and borderless, meaning a failure to regulate VASPs in one jurisdiction can have serious global implications. Ransomware incidents have grown significantly in recent years, and ransomware payments are almost exclusively demanded in virtual assets. Terrorist groups, including ISIL, Al Qaeda and their affiliates, as well as ethnically or racially motivated

terrorist entities, are also known to be increasingly using virtual assets to raise and move funds globally. Jurisdictions should consider the risks of virtual asset transfers with jurisdictions that have not taken steps towards regulating or banning VASPs. Subject to their own ML/TF risk assessment, jurisdictions may also consider designating VASPs from jurisdictions which do not effectively implement licensing or registration requirements as higher risk.

Virtual Asset Red Flag Indicators of ML/TF which help VASPs and other obliged entities to detect and report suspicious transactions involving VAs includes:

- *Technological features that increase anonymity* - such as mixers, tumblers or Anonymity-Enhanced Crypto currencies (AECs);
- *Geographical risks* - criminals can exploit countries with weak, or absent, national measures for VAs;
- *Transaction patterns* – including transactions which are structured to avoid reporting or appear irregular, unusual or uncommon;
- *Transaction size* – if the amount and frequency has no logical business explanation;
- Sender or recipient profiles; and
- Source of funds or wealth.



Source: <https://blog.checkpoint.com/security/from-bitcoin-to-the-metaverse-the-current-evolution-is-a-revolution>

FATF's Recommendation 15 – New technologies covers VA, VASP and Crypto Currency. As per this recommendation:

a) Countries need to:

- Identify, assess, and understand ML/TF/PF risks of VA and VASP
- Take risk-based approach to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified.
- License or register VASP
- Supervise the sector, in the same way it supervises other financial institutions
- Supervision or monitoring of VASPs for AML/CFT purposes
- Ensure that there is a range of effective, proportionate and

Article on Virtual Assets (VA) and Virtual Assets Service Providers (VASP)

dissuasive sanctions, whether criminal, civil or administrative, available to deal with VASPs that fail to comply with AML/CFT requirements.

- Provide the widest possible range of international cooperation in relation to money laundering, predicate offences, and terrorist financing relating to virtual assets

b) VASP need to:

- Implement the same preventive measures as financial institutions, including customer due diligence, record keeping and reporting of suspicious transactions
- Must know who their customers are, keep records, and report transactions when they suspect money laundering and terrorist financing
- Obtain, hold and securely transmit originator and beneficiary information when making transfers

(B) Prevailing Legal Provision in Nepal related with VA and VASP

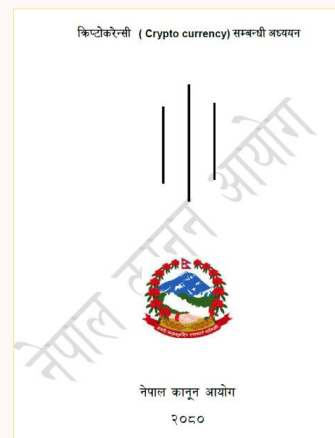
- As per amended provision of ALPA, 2008 (Fifth Amendment) the definition of funds covers tangible or intangible, natural, electronic or digital and it also includes legal documents, proof, certificates or instruments, in electronic or other form, evidencing title to, or interest in, such property, instruments or resources.
- National Penal Code, Section 262 (A) states:
Not to use Virtual Currency*:
(1) Except the currency issued by Nepal Rastra Bank, no one should produce, sell, transact, exchange or transfer, hold virtual currency or issue such currency or transfer or cause to issue or transfer virtual currency so as to use or cause to be used in Nepal or to make or receive payments or settle transactions for business transactions within or outside Nepal or for any other purposes by using or not using the name of virtual currency.
(2) In contravention of Subsection (1), no one should make or receive payment by any medium such amount without being shown in the accounts of business transaction.
(3) If anyone is found to have committed offence as per subsection (1) or (2), the offence amount and the value of assets increased shall be confiscated along with up to 5 years of jail and fined as per the claimed amount.

**For this section Virtual Currency means virtual assets that have been created or produced through cryptography or other means using electronic medium that has value or represents value having importance in conducting business activities or having use or can be retained or stored as unit of account by means of information, code, reference number, token, crypto currency or other such virtual asset.*

- As per Nepal Rastra Bank (NRB) Act, 2058 Section 52 (1) NRB has monopoly over the issue of banknotes and coins in Nepal. Such notes and coins shall be legal tenders in Nepal and as per Section 61, No one shall forge, counterfeit or alter banknotes and coin in circulation as legal tender in Nepal or any cheque or payment card or to do any other act relating to it
- As per Foreign Exchange (Regulation) Act, 1962, section 9 (C) except in accordance with the provisions specified by the Bank, no person residing in Nepal shall make payment of any kind in any manner to any person residing outside Nepal, draw, accept or negotiate any negotiable instrument or promissory notes or accept any loans in such a manner as to create or transfer the right to receive payment in favour of any person residing outside Nepal.
- Notices regarding transaction of VA being illegal by Nepalese nationals is issued by Nepal Rastra Bank and Nepal Police.

(C) Study on Crypto Currency- Nepal Law Commission

Main aim of the study was to know about prevailing legal provision related with crypto and know about global approach of crypto. The report highlighted about the evolution of crypto globally. The report states crypto currency practice in Great Britain, USA, India, El Salvador and South Korea. The report states positive aspects of crypto currency which is mainly reduced transaction time and cost, no exchange rate loss, no theft as physical currency etc. The report also highlighted the negative aspects includes crypto currencies i.e. it can be misused for illegal activities such as corruption, fraud and supporting illegal transactions such as money laundering. The prevalence of crypto currencies has affected economic indicators, interest rate policy, tax policy, financial system, market financing etc. The report has also highlighted challenges of crypto currency and ways to regulate and control Crypto which are as follows:



[Click here to access full Report](#)

a) Challenges of Crypto currency

- Lack of knowledge of people about crypto currency and its working
- Instable price and security issue
- Irreversible transactions
- Lack of trust on crypto currency
- Difficulty in calculation of tax, interest, money supply, inflation etc.

b) Ways to regulate and control Crypto

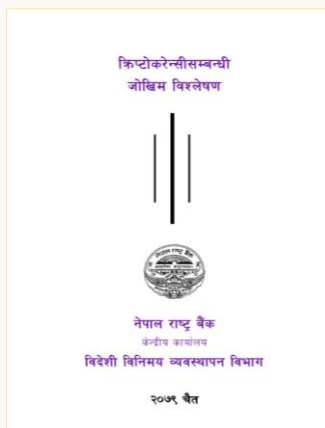
- If crypto currency to be regulated, identify which entity will be appropriate regulator
- If crypto transaction to be prohibited, then provide legal powers to regulators and law enforcement agencies for imposing sanction and penalty
- Adopt tracking mechanism of crypto currency transaction involving Nepalese nationals
- Amendment in existing legal provision can be done after study
- Develop and implement tools like Central Bank Digital Currency (CBDC)

(D) Nepal Rastra Bank's Crypto Currency Risk Assessment Report 2023

For the first time, Nepal Rastra Bank published a public notice on the illegality of crypto currency on 13 August, 2017, it published a notice including additional topics related to crypto currency. The report states that, investment in crypto currency results in capital flight since the investment is in foreign land, it might have adverse impact on remittance flow and create challenges in managing the foreign exchange reserves. It states that prohibition on crypto currency is necessary as it has risks including destabilizing the overall economic balance, risk on financial stability, risk in terms of implementing the monetary policy and risks of fraud and tax evasion, among others. The

Article on Virtual Assets (VA) and Virtual Assets Service Providers (VASP)

report stated that transactions in crypto currency brought risk not only to the country but also various risks to people involved in such transactions. In order to inform the general public about crypto currency, NRB has incorporated Crypto Currency related information on Frequently Asked Questions (FAQ) at the website of Nepal Rastra Bank to make it accessible to the general Nepali citizens and interested persons.



[Click here to access full Report](#)

Risks Related to Crypto Currency identified in report are

- Risk of overall economic imbalance
- Risks related to financial stability
- Risk related to non-implementation of monetary policy
- Risk related to foreign exchange reserves
- Risks related to money laundering and terrorism financing
- Risks related to financial customer protection
- Risks related to investment insecurity
- Risks related to fraud and tax evasion
- Risks related to cooperation with international organizations
- Risks related to lack of financial intermediation
- Risk of non-compliance with laws relating to monopoly of currency issuance
- Risk related to non-compliance with laws prohibiting foreign investment
- Risk related to loss of control (regulation) over foreign exchange

(E) Nepal Mutual Evaluation Report 2023

(a) Observation on Recommendation 15

Nepal has sought to prohibit VASPs; however, the prohibition does not cover the full scope of VA and VASP activities under the FATF Recommendations 15. No VASPs are licensed or accredited to operate in Nepal and the size of the informal sector is unclear. Nepal police have taken some actions against natural and legal persons involved in VA/VASPs. According to Chainalysis*, Nepal is ranked 16th out of 146 jurisdictions in the 2022 Global Crypto Adoption Index which is based on a jurisdiction's usage of different types of crypto currency services. Nepal is ranked 74th out of 154 jurisdictions in the 2021 Decentralized Finance Adoption Index, which highlights countries with the highest grassroots crypto currency adoption by individuals.

*<https://blog.chainalysis.com/reports/2022-global-crypto-adoption-index/>, accessed 1 May 2023.

Nepal has undertaken some actions to identify natural and legal persons carrying out VASP activities. Nepal issued a several notices and press release outlining their intent to target persons using VA and/or operating VASPs. Nepal Police has investigated nine VA/VASP cases involving 20 individuals. Five individuals from one case in 2018/19 were found guilty and fined (under s96 NRB Act; amount unknown) while all other individuals have been released on bail while the cases are ongoing.

(b) Recommendation 15 is rated non-Compliant and Major comments are

- There is no explicit provision in the ALPA or other legislation requiring the government of Nepal to identify and assess risks

arising from new technologies, and there is no detailed coverage of new technologies issues in the 2020 NRA

- Nepal has not identified and assessed the ML/TF risks emerging from VA activities and the activities or operations of VASPs
- Nepal has sought to prohibit VA and VASPs but the does not cover all elements of the FATF definitions of VA or VASPs. Nepal has no fit and proper requirements specific for VASPs.
- There is no specific provision for VASPs to take appropriate measures to identify assess, manage and mitigate their ML/TF risks.
- Nepal has only undertaken some actions to identify legal and natural persons carrying out VAPS activities.
- There is no legal provision identifying a supervisory authority for VASPs and requiring VASPs to be subject to adequate regulation and risk-based supervision or monitoring.
- Nepal has not developed guidelines or provided feedback to VASPs.
- There are no proportionate and dissuasive sanctions available for failure to comply with AML/CFT requirements, nor to the directors and senior managers of VASPs.
- There are no provisions requiring VASPs to comply with the required preventive measures including with the travel rule requirements.

(c) Recommended Action for Nepal for VA and VASP are:

- Update and enhance all competent authorities' understanding of ML/TF risk including VA/VASPs.
- Nepal has sought to prohibit VASPs under the FERA. However, the Foreign Exchange Regulation Act (FERA) only prohibits the exchange of fiat currency to virtual currency or vice versa. Limited enforcement action has been taken by Law Enforcement Agencies against illegal VASPs.
- Nepal should remedy gaps in the VASP prohibition and apply proportionate and dissuasive sanctions to illegal VASPs.

References (with links)

a) FATF Publications

- [FATF Recommendations and FATF Methodology](#)
- [Easy Guide to FATF Standards and Methodology, Virtual Assets: What, When, How ?](#)
- [Status of implementation of Recommendation 15 by FATF Members and Jurisdictions with Materially Important VASP Activity, March 2024](#)
- [Updated Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers, October 2021](#)

b) Risk Assessment on Crypto Currency 2023, Nepal Rastra Bar

c) Study on Crypto Currency, Nepal Law Commission

d) Nepal's Mutual Evaluation Report (MER, 2023)

e) Notice from Nepal Rastra Bank

f) Notice from Nepal Police

Events, Programs & Meetings in 2023: *goAML Integration, Feedback & Domestic Cooperation*

1. Interaction program with Life Insurance, Non-Life Insurance and Re-insurance companies regarding STR/SAR/TTR reporting via goAML system, Ongoing Mutual Evaluation of Nepal and general AML/CFT related matters (March 15, 2023)
2. Disaster Recovery (DR) site (for goAML system) was established (June, 2023)
3. Interaction program with Regulator/Supervisors was organized by FIU-Nepal, in the presence of honorable Governor (as chief guest), National Coordination Committee (NCC) chair and Mutual Evaluation Committee (MEC) chair (June 7, 2023)
4. Interaction program was organized by FIU-Nepal with Reporting Entities of Securities sector in the presence of representatives from Securities Board of Nepal (SEBON) and Stock Broker Association of Nepal (May 26, 2023)
5. Interaction program with representatives of three major associations of Gold and Precious Metals named Federation of Nepal Gold and Silver Dealers' Association, Federation of Nepal Gold Silver Gem and Jewelry Association and Nepal Gold and Silver Art Business Association was organized in the presence of representatives from Inland Revenue Department (June 25, 2023)
6. Orientation-Nepal Gold And Silver Art Business Association (July 25, 2023)
7. Orientation-Nepal Gem and Jewellery Association (July 27, 2023)
8. Orientation-Merchant Bankers Association Nepal (August 3, 2023)
9. Orientation-Federation of Nepal Gold and Silver Dealers Association Nepal (August 4, 2023)
10. Orientation-Nepal Gold-Silver Craft Business Association (August 5, 2023)
11. Orientation-Kageswori Manohara Municipality (August 8, 2023)
12. Orientation-Broker Association (August 9, 2023)
13. Knowledge Sharing Meeting: Reporting Process and Practices for PSPs and PSOs (August 30, 2023)
14. Orientation-District Cooperative Federation Limited Kavre (August 26, 2023)
15. Orientation-District Cooperative Union Limited Rupandehi (September 7, 2023)
16. Interaction Program with Cooperatives and its stakeholders regarding AML/CFT and goAML integration (September 21, 2023)



Events, Programs & Meetings in 2023: **goAML Integration, Feedback & Domestic Cooperation**

17. Interaction Program with members of AML Committees of Commercial Banks regarding AML/CFT, Mutual Evaluation and FIU reporting (October 16, 2023)
18. FIU-Nepal representation in interaction program on AML/CFT organized by Department of Money Laundering Investigation (DMLI) (October 12, 2023)
19. Orientation – Nepal Federation of Savings and Credit Cooperative Unions Ltd. (NEFSCUN) Member (August 26, 2023)
20. Orientation – National Cooperative Bank Ltd., Thimi Branch, Bhaktapur (September 1, 2023)
21. One Day Workshop about AML/CFT with DNFBPs and its stakeholders (December 12, 2023)



22. Meeting with Department of Cooperatives-Update on AML/CFT Directives for Cooperative (October 8, 2023)
23. Meeting with National Cooperative Bank Ltd. for TTR/STR reporting via web/XML and support to integrate cooperatives in goAML system (October 9, 2023)
24. Meeting with Nepal Land and Housing Developers' Federation for integration and streamline TTR/STR reporting via web/XML (October 10, 2023)
25. Meeting with Compliance officer of Siddhartha Bank Ltd. (September 21, 2023)
26. Orientation-National Co-Operative Bank Ltd. (September 1, 2023)
27. Discussion on Web/XML reporting with Compliance Officer of NABIL Investment Banking Ltd. (December 5, 2023)
28. Discussion on Web/XML reporting with Compliance Officer of Himalayan Life Insurance Ltd (December 6, 2023)
29. Discussion on Web/XML reporting with Compliance Officer of Radha Krishna Saving & Credit Cooperatives (December 14, 2023)

Events & Programs in 2023: *International Cooperation*

30. Signed Memorandum of Understanding (MoU) with FIU-Maldives for information exchange and international cooperation (January 3, 2023)
31. FIU-Nepal representation in Egmont Working Group & Regional Meeting conducted on Senegal (January, 2023)
32. Meeting with IMF regarding AML/CFT and other areas of FIU-Nepal on its first review mission and article IV consultation (February 16, 2023)
33. Virtual meeting with Asian Development Bank (ADB) on March 14, 2023 for finalizing training program on Trade based money laundering (TBML) at Kathmandu (May, 2023)
34. FIU-Head and Deputy Director, along with Nepali delegates led by Governor of NRB, participated on APG Annual meetings conducted on Vancouver, Canada where one of the major agenda was Mutual Evaluation Report of Nepal (July 9-14, 2023)



35. MoU was signed between FIU-Nepal and UAE FIU for information sharing on Abu Dhabi, UAE (July 4, 2023). Assistant Director of FIU-Nepal attended Egmont Plenary Meetings conducted on Abu Dhabi, UAE (July 3-7, 2023)
36. FIU-Nepal representation in a program on Macroeconomic diagnostics organized by The SEACEN Centre at Kuala Lumpur, Malaysia (November, 2023)



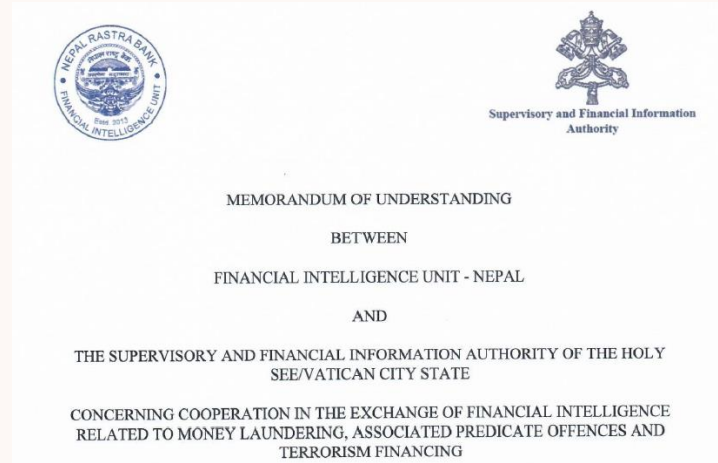
Events & Programs in 2023: *International Cooperation*

37. Meeting with UNODC-Regarding goAML Training (August 31, 2023)
38. International Cooperation desk under Policy/Planning division attended virtual training session with Egmont Support Team regarding the new Egmont Secured Web (ESW) (August 29, 2023)
39. Discussion/meeting with IMF team regarding Mutual Evaluation of Nepal and ongoing progress in AML/CFT related law amendments (September 26, 2023)
40. FIU-Nepal representation in Central Banking Operation & Payment Systems Program conducted by Reserve Bank of India at Pune, India (February, 2023)
41. FIU-Nepal representation in FATF Joint Experts' Meeting & FATF/UNODC Joint Workshop conducted at New Delhi, India (April, 2023)
42. FIU-Nepal representation in training on countering narcotics skills development programs, organized by Embassy of US, at New Delhi, India (May, 2023)
43. FIU-Nepal representation in specialized training program for Nepal officers on AML/CFT, organized by National Academy of Customs, Indirect Taxes & Narcotics, India, at New Delhi, India (July, 2023)
44. FIU-Nepal coordinated and participated four Pre Face-to-Face (F2F) virtual meetings with APG Mutual Evaluation Assessment Team, where different agencies of Nepal responded several questions regarding FATF recommendations and Immediate Outcomes (April 12, 17 & 18, 2023)
45. APG Secretariat and assessment team visited Nepal for Face to Face (F2F) meetings for APG Third Round Mutual Evaluation of Nepal, 2022-23 (April 26-28, 2023)
46. Two days training/Interaction/Workshop program for banks and concerned agencies was organized by Asian Development Bank (ADB) in partnership with FIU-Nepal on the topic '*Countering Trade Based Money Laundering (TBML)*' (May 11-12, 2023)
47. FIU-Nepal representation in program on Strengthening Trans regional Action and response against smuggling of migrants organized by UNODC at Male, Maldives (December, 2023)



Events & Programs in 2023: **International Cooperation**

48. MoU was signed between FIU-Nepal and The Supervisory and Financial Information Authority of the Holy See/Vatican City State (ASIF) for information/intelligence sharing (October 4, 2023)



49. FIU-Nepal representation in South Asia Regional Anti-Corruption Program conducted at Bangladesh (November, 2023)



50. FIU-Nepal representation in program on 'Fighting against ML and TF' organized by IBFI- Banque De France at Paris, France (November 21-23, 2023)



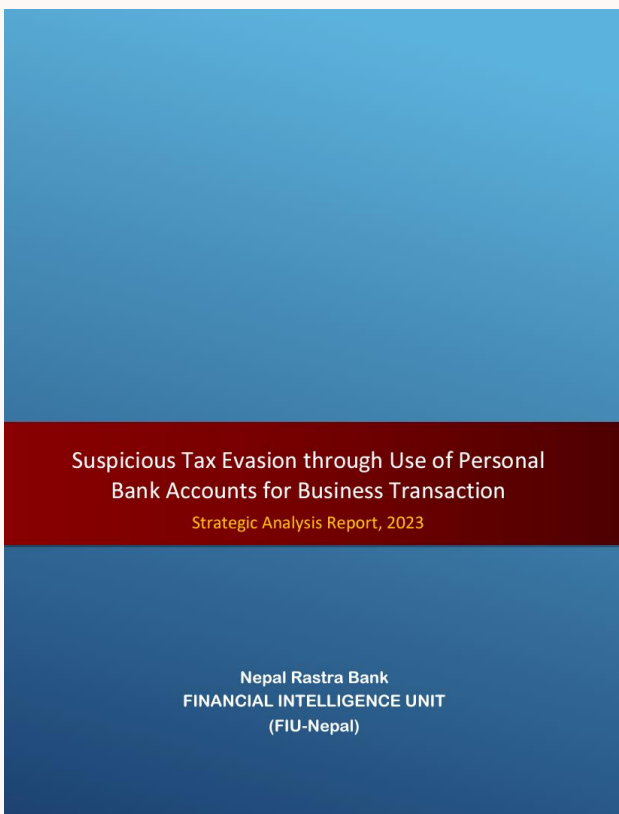
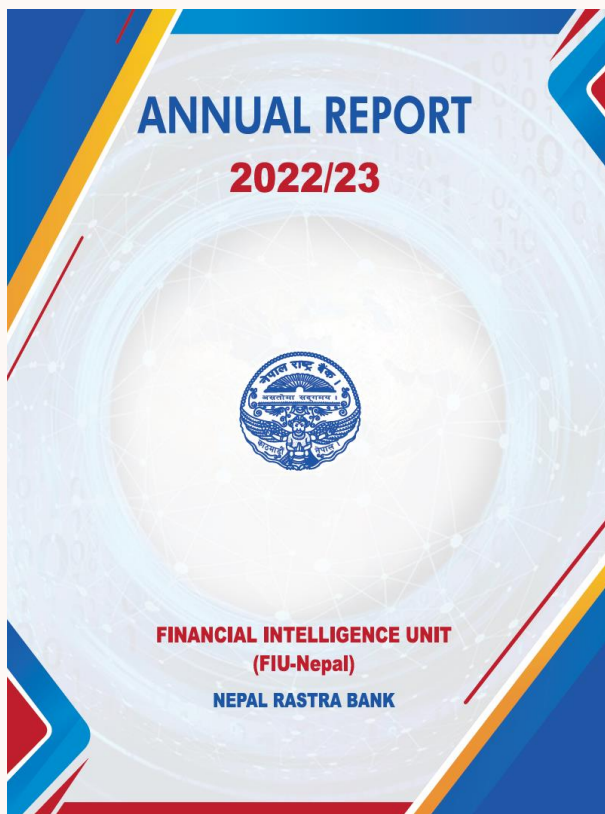
Events & Programs in 2023: *Capacity Enhancement*

- 51. In-house Knowledge sharing program among FIU-staffs on 'US Banking crisis and its relevancy' (March 16, 2023)
- 52. Knowledge sharing program on FIU roles, best practices, Trend and typologies and effectiveness of goAML analysis for FIU-staffs; Resource Person: Dr. Hari Kumar Nepal (Nepal Rastra Bank) (March 18, 2023)
- 53. Knowledge sharing program for FIU-staffs on Mutual Evaluation process and functionality/new features of goAML software was conducted (June 30, 2023)



- 54. Knowledge sharing program among FIU staffs was conducted on latest progress on Mutual Evaluation Process and Record Management Software (RMS) (July 31, 2023)

Documents published by *FIU-Nepal* on 2023



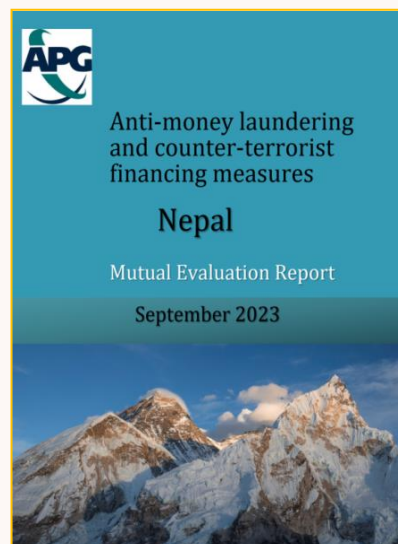
(To access full report, kindly click on respective cover photo of the document)

Mutual Evaluation Report (MER) of Nepal, 2023

Priority Actions

1. Nepal should pass the Amendments to Some Laws relating to AML and Business Promotion Bill. When passed, Nepal should expedite implementation and significantly enhance the capacity of impacted competent authorities to undertake their new and/or modified AML/CFT functions.
2. Nepal should enhance public and private sectors' understanding of Nepal's ML/TF risks by updating its TF risk assessment, assessing the ML/TF risks associated with legal persons and arrangements, and by conducting more focused ML risk assessments on corruption, tax evasion, human trafficking, narcotics offences, environmental crime, and border-related crimes.
3. Law Enforcement Agencies (LEAs) and Investigative Authorities and the Office of the Attorney General (OAG) should prioritize the investigation and prosecution of ML associated with all high risk predicate crimes at a level consistent with Nepal's overall ML risk.
4. Nepal Rastra Bank (NRB)'s new AML/CFT Supervision Division should be appropriately resourced to deliver supervision across all NRB supervised Financial Institutions (FIs) sectors. Supervision should be risk-based and prioritized for commercial banks and other higher risk FIs supervised by NRB.
5. Nepal should significantly enhance risk-based AML/CFT supervision of cooperatives, casinos, dealers in precious metals and stones (DPMS), and real estate agents.
6. Nepal should implement Targeted Financial Sanctions (TFS) for TF without delay and ensure TFS implementation by FIs and Designated Non-Financial Businesses and Professions (DNFBPs).
7. The FIU-Nepal's goAML division should be given additional human and financial resources to expedite full adoption and operation of goAML.
8. Nepal should significantly enhance implementation of all preventative measures (and address TC gaps) by conducting a range of activities (including sanctioning where appropriate) to ensure all FIs and DNFBPs enhance their application of risk-based CDD and enhanced or specific measures (focused first on PEPs and BOs), apply mitigating measures commensurate with their risks, enhance FIU and regulatory reporting, and apply internal controls.
9. The Department for Management of Proceeds of Crime (DMPC) should receive significantly greater human and institutional resources to undertake its function and receive cooperation and coordination from all competent authorities to enhance Nepal's ability to effectively deprive criminals from their ill-gotten gains.
10. Nepal should streamline its Mutual Legal Assistance (MLA) response coordination mechanisms; and establish policies, procedures and SOPs that support Law Enforcement Agencies (LEAs) and Investigative Authorities to prioritize the use of MLA and other forms of international cooperation in ML/TF and high risk predicate crime cases.

(Source: APG 2023, Anti-money laundering and counter-terrorist financing measures – Nepal, Third Round Mutual Evaluation Report, APG, Sydney <https://apgml.org/members-and-observers/members/member-documents.aspx?m=a6c4a803-0e154a43-b03a-700b2a211d2e>)



[Click here to access full Report](#)

Ratings

Technical Compliance (TC) Ratings

SN	Ratings of Recommendations	Count
1	Compliant (C)	5
2	Largely Compliant (LC)	16
3	Partially Compliant (PC)	16
4	Non-Compliant (NC)	3
5	Not Applicable (NA)	0
Total Recommendations		40

Effectiveness Assessment Ratings

SN	Ratings of Immediate Outcomes (IOs)	Count
1	High level of effectiveness	0
2	Substantial level of effectiveness	0
3	Moderate Level of effectiveness	4
4	Low level of effectiveness	7
Total Immediate Outcomes		11

Way Forward

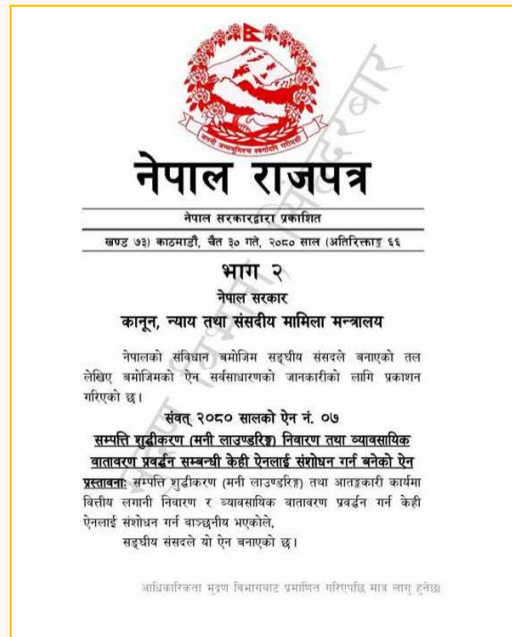
- With respect to upgrading the ratings in **technical compliance**, Nepal have to sufficiently address the underlying key deficiencies mentioned in the MER and show significant progress on the legal, institutional or operational frameworks since the onsite visit (i.e. after 16 Dec 2022) such as law amendments, issuance of new rules, bye-laws, directives, manuals, procedures etc. Nepal should submit request for re-rating on REC. 6 and REC. 10, which are currently rated PC among big six RECs. (i.e. 3, 5, 6, 10, 11, and 20).
- With respect to **effectiveness assessment**, Nepal has to show positive and tangible progress, post onsite visit (i.e. after 16 Dec 2022), in recommended action highlighted in MER mentioning summarize efforts since the MER onsite visit, supported with charts, tables, statistics, case studies etc.

Key amendments in AML/CFT laws

Nepal has amended 19 acts with an objective of improving entire AML/CFT regime of Nepal. The major provisions in amended laws include: -

1. Asset Laundering (Money Laundering) Prevention Act (ALPA), 2008

- a. Addition of Hire Purchase loan providing companies and Vehicles selling companies, Investment companies, venture capitals, equity funds as reporting entities,
- b. Addition of STR reporting liability (only) to Auditors as a reporting entity
- c. Criminalization of foreign terrorist fighters and omission of offence (s4, s4A.)
- d. Extension of limit of financing of terrorism in Sub-section (5) of s4.
- e. Verification of identification of customers clarified in s7H as required in Rec 10.14.
- f. Definition of payable through account in s7N.
- g. Clarification on sharing of information between or among entity or groups in s7P as required in Rec 10.
- h. Requirement for institutional risk assessment to be updated and translated into policy, procedure and action plan at least a year and to be submitted to the regulator in s7P.
- i. Clarity on the confidentiality to be maintained about customer information included in s7R as required in R.2.
- j. STR to be filed immediately (current provision- "as soon as possible within 3 days") in s7S.
- k. Provision regarding reporting STR in the situation of tipping-off clarified in s7R.
- l. Inclusion of preventive measures for PF in s7S. (1).
- m. Beneficial Ownership (BO) guidelines to be issued by Regulators further clarifying s7T(1)(e).
- n. Regulators to issue directives or standards with regard to countries having deficient AML system and publish any global listing thereof in their website- s7T(1)(e).
- o. Regulators to apply regulatory measures on PF- s7T.(2a).
- p. Penalty to be imposed on reporting entities on the basis of capital as well as transaction, which may start from the upper limit if the reporting entity non complying recurrently- 7V (1) (b1)
- q. Addition of sanction to be imposed over concerned official or BODs by regulator- 7V(4A) and (5)
- r. Conversion of National Coordination Committee to Coordination Committee and establishment of Directive Committee under the Chairmanship of Finance Minister including Minister of Law, Justice and Parliamentary Affairs, Attorney General, Chief Secretary, Governor, Law Secretary as members and Finance Secretary as a member secretary. The committee has policy, review and directive mandate at national level. The National Risk Assessment (NRA) will be carried out under the coordination of Coordination Committee. - Chapter 3B
- s. Employees can be deployed at FIU from other regulatory agencies, law enforcement agencies or relevant agencies- Chapter 4
- t. FIU can sanction reporting agencies or employees of reporting entities up to NRs 10 million- Chapter 4
- u. Provision for requesting information by all LEAs- Chapter 4
- v. Money Laundering Investigation to be conducted by all law enforcement agencies that conduct investigation of predicate offences. However, complaints remained with DMLI till the last day of enactment of amendment will be investigated by DMLI. Hence, all the investigative powers available under ALPA will be used by predicate offence LEAs as required in R4, 30 and 31- Chapter 6 and 7
- w. Addition of Special Investigation Techniques (Undercover operations, Controlled delivery etc.)
- x. Chapter 6B of ALPA has extended its scope to include PF together with TF. The property frozen under the chapter will be managed by Department of Management of Proceeds of Crime
- y. Chapter 7 (section 30) has increased the imprisonment for ML up to 15 years and 7 to 20 years for TF. Legal persons and legal arrangement may face corporate criminal liability. BO may also face the same sanction as to legal owner holding properties of someone else without declaration to corporate registrar or regulator. Section 30A further clarifies the interest of bonafide third parties with compensation measures. s34A and 34B requires payment of loss and compensation to the victim.
- z. s35 requires all government and reporting entities to carry out risk assessment at least annually and implement policies, plan and actions on the basis of risk accordingly.
- aa. Beneficial Ownership information sharing related obligation is extended to legal persons i.e. companies should provide information of BO to registration related bodies like OCR. Non or false declaration will result in civil confiscation of such property and fine to the BO. - s35A, 35B and 35C
- bb. Regulation and supervision of Non-Profit making Organization has been clarified. SWC and MoHA to conduct such activities
- cc. AML/CFT Audit to be carried out for BFI, Insurance companies, Casinos, Brokers, Merchant Banks, Real estate businesses, Cooperatives or other specified companies
- dd. FIU-Nepal to approve AML/CFT independent auditor- s35E, 35F, 35G and 35F
- ee. National AML CFT report to be submitted to the parliament annually as per section 44H.



- [Click here to access full ACT \(related to 19 Acts\)](#)
- [Click here to access amended ALPA, 2008](#)

Key amendments in AML/CFT laws

2. Export Import (Control) Act

- a. Establishment of Trade Transparency Unit (to maintain transparency in international trade and coordinate with intergovernmental agency on trade related activities).

3. Ship Registration Act

- a. Criminalization of Piracy and Regulation

4. Land Revenue Act

- a. Licensing, regulating and supervising real estate with criminal offences of specific sector that has transaction more than specified amount or covers more than specified area (all to be specified later by Nepal Gazette)

5. Tourism Act

- a. Licensing, regulating and supervising Casinos with criminal offences.

6. Nepal Rastra Bank Act

- a. In the Function, Duties and Powers of NRB Act (section 5) addition of "Issue directives and standards to regulate, monitor and supervise financial cooperatives "and "On the basis of financial governance and risk of Cooperatives, at the request of Department of Cooperatives, regulate, monitor and supervise Cooperatives having share capital of more than NRs 500 million or having annual transaction of more than NRs 500 million"
- b. Cooperatives can also be fined as per section 99 and punished as per section 100 of NRB Act (new section 100A) in addition to the sanctions available in the Cooperative Act.

7. Securities related Act

- a. Preliminary investigation of Securities fraud to be done by SEBON and referral to Nepal Police for full investigation.

8. Human Trafficking and Smuggling (Control) Act

- a. Criminalization of human smuggling.

9. National Penal Code

- a. Hundi criminalized (section 125A)
- b. Terrorist activities criminalized (Chapter 7A)
- c. Virtual assets criminalized (section 262A)

10. Cooperatives Act

Regulation, Monitoring and Supervision of Cooperatives as follows:

SN	Registration	Type	Regulation, monitoring and supervision
1	Local level	Annual transaction up to NRs 250 million	Local level
2	Local level	Annual transaction NRs 250 million to 500 million	Relevant provincial government
3	Provincial government	Annual transaction up to NRs 500 million	Relevant provincial government
For SN 1-3, if the operation is in more than one local level or province, then regulation, monitoring and supervision is to be done by local level or relevant provincial government where Head office of such cooperative is situated			
4	Local level/ Provincial government	More than NRs 500 million	Department of Cooperatives
5	Department of Cooperatives	All	Department of Cooperatives
Any request on the basis of risk is made to Department of Cooperatives for regulation, monitoring or supervision, such functions shall be carried out by Department of Cooperatives			
Additionally, on the basis of financial governance and risk of Cooperatives, regulation, monitoring and supervision of Cooperatives having share capital of more than NRs 500 million or having annual transaction of more than NRs 500 million shall be done by NRB.			

11. MLA Act

- a. Execution of foreign judicial verdict will be implemented on reciprocity as per the amendment in section 3
- b. The scope of MLA has been widened further
- c. The Federal Budget Speech of the Government of Nepal 2024/25 prioritizes the negotiation and conclusion of MLA and Extradition treaties on the basis of reciprocity in Paragraph no. 254.

Resources available in FIU-Nepal's website

([Link: www.nrb.org.np/departments/fiu](http://www.nrb.org.np/departments/fiu))

goAML related

- goAML registration and reporting portal
- goAML related FAQs
- goAML Video Tutorials
- goAML Members' List

Guidelines

- Suspicious Transaction Reporting & Suspicious Activity Reporting (STR/SAR) Guidelines
- Threshold Transactions Reporting Guidelines

Laws & Legislations

- सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण ऐन, २०६४ (संशोधन, २०८०)
- सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण तथा व्यावसायिक वातावरण प्रवर्द्धन सम्बन्धी केही ऐनलाई संशोधन गर्ने ऐन, २०८०
- सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण नियमावली, २०७३
- सम्पत्ति शुद्धीकरण (मनी लाउण्डरिङ्ग) निवारण (सूचीकृत व्यक्ति, समूह वा संगठनको सम्पत्ति वा कोष रोक्का) नियमावली, २०७०
- वित्तीय जानकारी इकाई सम्बन्धी विनियमावली, २०७७

AML/CFT Directives

- A, B & C class BFIs
- Microfinance FIs
- Money changers and Remittance companies
- Payment Service Providers (PSPs) & Payment System Operators (PSOs)
- Infrastructure Development Bank
- EPF and CIT
- Insurance companies
- Securities Companies
- Cooperatives
- Approved Retirement Funds
- Dealers in precious stones and metals
- CASINOS
- Real Estate Business/Agents
- Trust or Company Service Providers (TCSPs)
- Auditors and Accountants

Other Documents

- FIU-Nepal's Events & Programs
- Mutual Evaluation Report of Nepal, 2023
- FIU-Nepal: Annual Report 2079/80 (2022/23)
- Strategic Analysis Report of FIU-Nepal, 2023
- सम्बद्ध कसुर: जानकारी पुस्तिका
- AML/CFT National Strategy and Action Plan (2076-081)
- National Risk Assessment Report on Money Laundering and Terrorist Financing, 2020
- FIU-Nepal Newsletter (October, 2022)
- Targeted Sanction List and Other
- Frequently Asked Questions

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