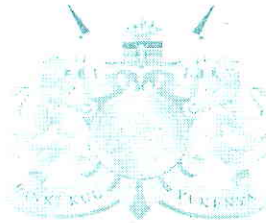


**BANKI
KUU YA
KENYA**



**CENTRAL
BANK OF
KENYA**

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Telephone: 2860000, Fax: 340192**

11th December 2015

BANKING CIRCULAR NO. 12 OF 2015

TO CHIEF EXECUTIVES OF COMMERCIAL BANKS, MORTGAGE FINANCE COMPANIES AND MICROFINANCE BANKS

COMPLIANCE WITH THE ANTI-MONEY LAUNDERING (AML) AND COUNTERING THE FINANCING OF TERRORISM (CFT) LAWS, REGULATIONS AND PRUDENTIAL GUIDELINES

Over the years, Kenya's banking system has recorded significant growth both in its asset base and footprint and currently serves as East Africa's financial hub. To safeguard the integrity of the financial system, Kenya has put in place a robust Anti-Money laundering (AML) and Countering the Financing of Terrorism (CFT) legal and regulatory framework, which includes the following elements:

- Proceeds of Crime and Anti-Money Laundering Act, 2009 and Regulations 2013.
- Prevention of Terrorism Act and Regulations, 2013.
- Central Bank of Kenya Prudential Guideline on Anti-Money Laundering and Combating the Financing of Terrorism (CBK/PG/08).

These laws, regulations and Prudential Guidelines are premised on the international requirements and/or standards on AML/CFT as set by the Financial Action Task Force on Money Laundering.

The Central Bank hereby reminds all institutions of their AML/CFT obligations under the above stated laws, regulations and Prudential Guidelines. Henceforth, the Central Bank will institute enforcement actions including levying of penalties, removal of directors or senior management and placing of an institution under receivership or liquidation for violating the Anti-Money Laundering and Countering the Financing of terrorism laws, regulations and Prudential Guidelines, as the case may be.

In order to further enhance the supervision of AML/CFT, CBK has introduced the following returns:

1. A template to capture data on exposure of institutions to money laundering and terrorism financing (ML/TF) risks which will be a quarterly return effective 31st December 2015 with submission date due on or before 10th of the month following the preceding quarter.
2. An annual self-assessment questionnaire effective 31st December 2015 to evaluate the systems of controls of an institution to be submitted by 10th of January every year.

The returns will assist in:

- Reviewing and profiling the risk exposure of financial institutions to Money Laundering and Terrorism Financing (ML/TF) risks.
- Risk mapping that will inform CBK's risk based approach to AML/CFT supervision.
- Assessing the internal ML/FT risks in compliance with Regulation 6 of Proceeds of Crime and Anti-Money Laundering Regulation, 2013.

Financial institutions are advised to ensure that data submitted is accurate and for further enquiries on the return, please do not hesitate to contact the undersigned on:

The Director,
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