

Emerging International Framework For Financial Services

Eligible Introducers

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Agenda

- Criteria for eligible introducers
- Criteria that should be met
- Access to information
- Responsibilities for regulated persons
- FATF Recommendations



Criteria For Eligible Introducers

- FATF Recommendation # 9:
 - Countries may permit Licensees to rely on intermediaries or other third party to perform elements of customer due diligence or to introduce business



Criteria That Should Be Met (1)

- Licensee relying on third party required to obtain from third party the necessary information:
 - Identify and verify customer;
 - Customers that are legal persons or arrangements;
 - ★ Verify person acting is authorized;
 - ★ Verify legal status of legal person or arrangement



Criteria That Should Be Met (2)

- Licensee required to identify and verify identity of beneficial owner;
- For legal persons:
 - ★ Understand ownership and control structure of customer;
 - ★ Determine ultimate owner/controller
- Licensee required to obtain information about purpose and nature of business relationship



Access To Information

- Licensee required to satisfy themselves that identification data and other relevant information will be made available from third party upon request without delay;
 - Licensee encouraged to test the willingness and ability of third party to provide information



Responsibilities Of Regulated Persons

- Licensee to ensure eligible introducer is regulated and supervised in accordance with FATF Recommendations 23, 24, 29, and CDD requirements of 5 and 10



Responsibilities Of Regulated Persons (2)

- Licensee responsible for customer identification and verification of customers introduced by third party



FATF Recommendations

- Recommendation # 23:
 - Other financial institutions should be licensed or registered, appropriately regulated, subject to supervision for AML/CFT



FATF Recommendations

- Recommendation # 24:
 - Designated competent authority or SRO for third party introducer responsible for monitoring and ensuring compliance with AML/CFT requirements;
 - Adequate powers to perform functions, powers to monitor and impose sanctions for non-compliance



FATF Recommendations

- Recommendation # 29:
 - Regulator/Supervisor of third party introducer should have:
 - ★ Powers to monitor and ensure compliance with AML/CFT;
 - ★ Authority to conduct inspections;
 - ★ Power to access all records, documents and information;
 - ★ Power of enforcement and sanction



FATF Recommendations

- Recommendation # 5:
 - When is Licensee required to conduct CDD?
 - ★ Establishing business relationship;
 - ★ Carrying out transaction above threshold;
 - ★ Suspicion of money laundering or terrorist financing;
 - ★ Doubts about adequacy of customer identification data



FATF Recommendations

- Recommendation # 5:
 - Customer due diligence measures to be taken:
 - ★ Identify and verify identity of customer;
 - ★ Identify the beneficial owner and understand ownership and control structure;
 - ★ Obtain information on nature and purpose of business relationship;
 - ★ Conduct ongoing due diligence



FATF Recommendations

- Recommendation # 10:
 - Maintain all necessary records on transactions for 5 years;
 - Maintain records of identification data, relationship file and business correspondence for 5 years following termination of relationship;
 - Ensure customer and transaction records available on a timely basis for authorities.



Eligible Countries For Introducing Intermediaries

- Commission may take into account information available to determine which countries adequately apply FATF Recommendations;
- Commission may publish white list of countries eligible to introduce third party business to BVI Licensees



Questions

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