



AML/CFT Amendments: Regulations (AMLR) and Code (AMLTFCOP)

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Regulation 6 of AMLR: Exemption from Identification

- **Does the amendment to Regulation 6 of AMLR now mean that there is no exemption?**
- No. The amendment simply clarifies and requires that entities now take two active steps:
 1. Risk Assess – i.e. form a determination that applicant for business is low risk
 2. Ascertain and verify that the applicant for business is regulated including for AML/CFT



Regulation 7 of AMLR: Reliance on Third Party

- **Can I continue to do business with all my existing third party introducers?**
- Yes, where the 3rd party introducer is:
 - A regulated person
 - Foreign regulated person or
 - Member of a professional body which subjects its members to AML/CFT requirements and monitors compliance





Regulation 7 of AMLR: Reliance on Third Party

- **Must I ensure that the person I am relying on is not also relying on someone else i.e. layered third party reliance?**
- Yes. The person being relied upon must be the person who has undertaken the requisite CDD requirements.



Regulation 7 of AMLR: Reliance on Third Party

- **Can I continue to allow the person with whom I have a third party relationship to maintain and keep all CDD information?**
- Yes. The third party is required to maintain and keep the information up to date. However, you are required to obtain identity of applicant (customer), beneficial ownership and control information immediately from the third party. At all times this information is required to be maintained and be available from the service provider.





Regulation 7 of AMLR: Reliance on Third Party

- **What specific documentation on trusts is required to be immediately submitted to the agent under Regulation 7(1) ?**
- The definition of beneficial ownership requires details such as information on trustee, settlor or other persons who control or by whom the legal arrangement is made.





Regulation 7 of AMLR: Reliance on Third Party

- **The person I primarily rely on for third party introduction is a related Group Entity. Does the Group exemption remain?**
- Yes, once the Group applies equivalent standards and is regulated, supervised or monitored for AML/CFT compliance.





Regulation 7A of AMLR/Section 31A of AMLTFCOP: Third Party Relationship Agreements

- How much time do I have to enter into revised agreements with my existing third party (introducer relationships)?
- Section 31A(4) of the Code requires that all agreements be fully compliant by 31 December 2016.



Regulation 7A of AMLR/Section 31A of AMLTFCOP: Third Party Relationship Agreements

- **What happens if I am unable to complete the agreement?**
- That relationship should not be treated as a third party reliance relationship. All CDD information for entities/persons which have been introduced through the relationship must now reside with the service provider, i.e. the clients must now be treated as end-user clients.





Section 31(A) of AMLTFCOP: Contents of Agreements

- **What if the person with whom I have a third party relationship is unable to agree to only one of the requirements of Section 31(A)? Will the FSC be open to exceptions?**
- All requirements of section 31(A) must be satisfied. There is no ability to make exceptions.



Section 31(A) of AMLTFCOP: Contents of Agreements

- **Will the FSC, FIA or other Competent Authorities be able to grant extensions for the time to respond to requests for information?**
- The international standards require provision of information without delay. This is generally interpreted as 24 hours, but not more than 48 hours. Currently, no provision exists for granting an extension.



Regulation 7B of AMLR and Section 31(B) of AMLTFCOP: Testing Relationship

- **Will the FSC expect to see that I have tested all my third party relationships when an inspection is conducted?**
- No. The requirement is to test at least once every three years. However, this does not preclude any entity from testing more often; primarily where it assesses the third party of posing a higher degree of risk.





Transitional Provisions

- **How would the FSC test to ensure that the information required in 7(1) for all entities is being complied with?**
- The FSC will issue a form in accordance with Paragraph 3(2)(a) of the Schedule to the Regulations which will allow each entity to demonstrate its level of compliance. Additionally, the FSC may take other measures including conducting onsite inspections.



Transitional Provisions

- I have not been able to gather from my third party relationships the information required in 7(1) for all entities. How can I request an extension?
- A request for an extension can be made in writing to the Commission. The request should set out:
 - the number and percentage of entities for which information was obtained as well those for which information remains outstanding.
 - A synopsis of the process used to gather information; and
 - A proposed strategy and timeframe for gathering the outstanding information.





Questions !

Thank You

