



FINANCIAL ACTION TASK FORCE
GROUPE D'ACTION FINANCIÈRE

The Revised FATF Standards

9. Reliance, controls and financial groups

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Overview

- Third Party Reliance (R.17)
- Internal controls and financial groups (R.18)
- Higher risk countries and countermeasures (R.19)

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Third party reliance (R.17)

- As before, financial institutions allowed to rely on third parties to perform part of the CDD measures, on certain conditions:
 - a) Information on customer's identity, beneficial owner and nature of business immediately available
 - b) Relevant documents available on request with no delay
 - c) Regulated, supervised or monitored third party, complying with CDD requirements
 - d) Level of risk of country where the third party is based
- The ultimate responsibility for CDD measures with the relying financial institution

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Third party reliance (R.17)

- A clear delineation between third party reliance and outsourcing or agency relationships
- A more flexible approach to intra-group reliance
 - Financial institutions and third party belonging to the same group may rely on the group-wide AML/CFT programme (for conditions b-d above).
 - Reliance may be allowed with third parties based in higher risk countries if the risk is mitigated by the group policies.

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Internal controls and financial groups (R.18)

- Introduction of new requirements
 - Financial groups should have group-wide AML/CFT programmes that include policies on information sharing within the group;
 - Strengthened requirements in cases where the host country does not permit the proper implementation of the group-wide AML/CFT programme.

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Higher risk countries and countermeasures (R.19)

- Special attention → enhanced due diligence.
- Clear requirement for countries to be able to apply countermeasures.
- Based on calls from the FATF (e.g. ICRG) or on national assessment of risks.
- Expanded examples of possible countermeasures:
 - specific enhanced due diligence measures;
 - reporting mechanisms;
 - limiting transactions.
- Countries to provide information to financial institutions.

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