




FINANCIAL ACTION TASK FORCE
GROUPE D'ACTION FINANCIÈRE

The Revised FATF Standards

8. Specific Customers and Activities

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Overview

- Politically Exposed Persons (R.12)
- Correspondent banking (R.13)
- Money and Value Transfer Services (R.14)
- New technologies (R.15)
- Wire Transfers (R.16)

+ DNFBPs: R.22 & 23

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Politically Exposed Persons (R.12)

- So far specific requirements have applied in relation to foreign PEPs only:
 - “Individuals who are or have been entrusted with prominent public functions in a foreign country”
 - A higher risk of corruption
 - Requirement to determine whether customers are foreign PEPs and to apply additional measures to them


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Politically Exposed Persons (R.12)

- Changes were needed to ensure consistency with the UNCAC and in response to the G20
- Requirements in relation to *foreign PEPs* are unchanged.
- Financial institutions should take reasonable measures to determine whether a customer is a domestic PEP or a PEP from an international organisation.
- Additional measures then apply to *domestic PEPs* and *PEPs from international organisations* if there is higher risk.


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Politically Exposed Persons (R.12)

- Specific additional measures vis-à-vis beneficiaries of life insurance policies who are PEPs.
- Clarification that family members and close associates of PEPs are subject to the same additional measures as PEPs.
- Guidance is being developed in order to assist financial institutions in implementing the Recommendation.


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Correspondant Banking (R.13)

- Additional CDD measures should apply in relation to cross-border correspondent banking and other similar relationships.
- Limited changes:
 - terminology changes;
 - incorporation of the requirements on financial institutions in relation to shell banks (old R.18);
 - similar relationships established for securities transactions or funds transfers are covered.


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Money and Value Transfer Services (R.14)

- SRVI aimed at ensuring that informal MVTS were subject to the FATF Recommendations.
- This specific recommendation has been retained though it mainly contains duplicative requirements.
- Countries are explicitly required to identify and sanction unlicensed or unregistered MVTS operators.
- MVTS providers should include agents in their AML/CFT programmes and should monitor them for compliance with these programmes


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New Technologies (R.15)

- Non-face-to-face relationships and transactions issues are moved to the RBA section of INR10 as a possible risk factor.
- The scope of R.15 is extended to include risks posed by all new or developing technologies and to new products and business practices.
- Clarification that financial institutions should identify and assess the risks and take measures to mitigate those risks.
- New obligation for countries to identify and assess the risks.


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Wire Transfers (R.16)

- **Overview:**
 - Background for updating R.16
 - Below the threshold
 - Qualifying transfers:
 - Requirements ordering FI
 - Requirements for intermediary FI
 - Requirements for beneficiary FI
 - Other measures and links to other Recommendations, incl. R.6 and R.20


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Wire Transfers (R.16)

- **Background for updating R16:**
 - SRVII focused on serial payments: a sequential chain where payment and payment message travel together.
 - R16 also covers instances whereby the payment and payment message do not travel together (e.g. cover payments).
 - Improved clarity over links with other Recommendations.


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Wire Transfers (R.16)

- Below the threshold:
 - Threshold remains unchanged at USD/EUR 1000.
 - But R16 introduces required information below the threshold – which needs to be verified only in case of an AML/CFT suspicion:
 - The originator's name;
 - The beneficiary's name; and
 - An account number or unique transaction reference number.
 - This requirement applies to ordering, intermediary and beneficiary FI.


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Wire Transfers (R.16)

- Requirements for ordering FIs:
 - In addition to the existing requirement to include and verify information on:
 - The originator's name; and
 - The originator's account number (or unique transaction reference number, in the absence of an account); and
 - The originator's address, or national ID number, or customer ID number, or date and place of birth; and
 - R16 also requires to include (but not verify) information on:
 - The beneficiary's name; and
 - The beneficiary's account number (or unique transaction reference number, in the absence of an account).


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Wire Transfers (R.16)

- Requirements for intermediary FIs:
 - In addition to the existing requirement when processing transactions to:
 - Retain originator / beneficiary information (O/BI)
 - R16 also requires to:
 - Take reasonable measures consistent with straight through processing to identify transactions without O/BI.
 - Have effective risk based measures to deal with transactions lacking O/BI.

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Wire Transfers (R.16)

- Requirements for beneficiary FIs:
 - In addition to the existing requirement when receiving transactions to:
 - Take reasonable measures to monitor and identify transactions without originator information
 - R16 also requires:
 - Reasonable measures to identify transactions without beneficiary information, either with real time or post event monitoring; and
 - Verify the identity on the beneficiary.

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Wire Transfers (R.16)

- Other measures and links to other Recommendations, incl. R6 and R20:
 - Ordering, intermediary and beneficiary FIs need to facilitate the identification and reporting of STRs (R20) and implement requirements related to Targeted Financial Sanctions related to TF (R6).
 - MVTS (R14) now explicitly covered by R16, and explicitly regarding STR reporting (R20), regardless of whether conducting transactions directly or through their agents.