The Revised FATF Standards

9. Reliance, controls and financial groups

Overview

- Third Party Reliance (R.17)
- Internal controls and financial groups (R. 18)
- Higher risk countries and countermeasures (R.19)
As before, financial institutions allowed to rely on third parties to perform part of the CDD measures, on certain conditions:

- Information on customer’s identity, beneficial owner and nature of business immediately available
- Relevant documents available on request with no delay
- Regulated, supervised or monitored third party, complying with CDD requirements
- Level of risk of country where the third party is based

The ultimate responsibility for CDD measures with the relying financial institution

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.
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.

Higher risk countries and countermeasures (R.19)

- Special attention \(\rightarrow\) 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.