



Banc Ceannais na hÉireann  
Central Bank of Ireland

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# Anti-Money Laundering Bulletin

Issue 1 | December 2016

Welcome to the first publication of the Anti-Money Laundering bulletin.

The purpose of these bulletins is to guide and provide feedback to credit and financial institutions in applying Anti-Money Laundering, Countering the Financing of Terrorism (AML/CFT) and Financial Sanctions measures. The bulletins will be based on the Central Bank's supervisory engagements with firms from across the financial services sector together with our experience and understanding gained through participation in national and international AML/CFT forums.

This edition contains information on *Third Party Reliance* and the Central Bank's expectations in this area. Future bulletins will cover areas including Money Laundering/Terrorist Financing Risk Assessments and Suspicious Transaction Reports.

We hope that you find this publication useful.



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## Third Party Reliance

Under section 40(3) of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (as amended by the Criminal Justice Act 2013) (“CJA 2010”), a firm can rely on certain relevant third parties (“third party” or “third parties”) to complete Customer Due Diligence (“CDD”) measures required under section 33 or 35(1) of the CJA 2010. An arrangement must be in place confirming that the third party accepts being relied upon and that the third party will provide any CDD documents or information obtained, as soon as practicable, upon request.

Under section 40(5) of the CJA 2010, a firm that relies on a third party to apply a measure under section 33 or 35(1) of the CJA 2010 remains liable for any failure to apply the measure. While a Board may delegate Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT) tasks, the Board is ultimately responsible for compliance with the CJA 2010. Failure to comply with the requirements of section 33 or 35 is an offence under the respective section.

When placing reliance on third parties to undertake CDD, the Central Bank expects that:

- There is a signed agreement in place between the firm and the third party, where the third party has formally consented to being relied upon and will provide the firm with the underlying CDD documentation or information, in a timely manner, upon request. In the absence of such an arrangement the provisions of section 40(4) do not apply and the designated person must itself carry out the CDD.
- The signed agreement should have clear contractual terms in respect of the obligations of the third party to obtain and maintain the necessary records, and to provide the firm with CDD documentation or information as requested. The signed agreement must not contain any conditional language, whether explicit or implied, which may result in the inability of the third party to provide the underlying CDD documentation or information upon request. Examples of such conditional language include (but are not limited to) terms such as ‘to the extent permissible by law’, ‘subject to regulatory request’, etc.
- The firm’s policies and procedures set out an approach with regard to the identification, assessment, selection and monitoring of third party relationships, including the frequency of testing performed on such third parties.
- The firm only relies on the third party to carry out CDD measures required by section 33 and 35(1). Firms may not rely on the third party to fulfil the on-going monitoring requirements which they are obliged to conduct, as warranted by the risk of their underlying customers, as prescribed by section 35(3).



## Third Party Reliance

- Firms should conduct regular assurance testing to ensure documentation can be retrieved quickly and without undue delay, and that the quality of the underlying documents attained is sufficient.
- Prior to placing reliance upon a third party based in jurisdictions known for banking secrecy or similarly restrictive legislation, a firm must ensure that it has fully satisfied itself that, in placing such reliance, it can meet its obligations under the CJA 2010.

### Useful Sources of Information on Third Party Reliance

- **Financial Action Task Force  
Recommendations 2012**  
  
<http://www.fatf-gafi.org>
- **Criminal Justice (Money Laundering and Terrorist Financing) Act 2010  
Guidelines On the prevention of the use of the financial system for the purpose of money laundering  
and terrorist financing  
February 2012  
Part I**  
  
<http://www.finance.gov.ie/sites/default/files/Criminaljustice2012%20as%20per%20Finance%20Web%20site.pdf>