

| Responding Party | Document Reference | Requested Change | Rationale for change | Other Comment |
|------------------|--------------------|---|--|--|
| ILCU | 1.1 | 1.1 "Nothing should be read as providing express or implied assurance..." | | The document's purpose proposes to on the one hand; "to assist firms in understanding their obligations" and on the other, to set out the "expectations of the Central Bank" I would suggest that the two purposes may not be wholly compatible, one is guidance the second better described as a code of practice. The lack of distinction damages the document's ability to offer full guidance. For example the statement that "examples represent the minimum matters to be covered by a firm" make it seem more a code then guidance and limit the use of the very examples which are essential to provide industry with practical examples on how it might apply its obligations. Then immediately afterward a statement such as the "guidelines are not a checklist" suggest it is guidance and not a code! The convention of using "must" to represent absolute expectations, "should" to suggest recommendations and "may" to imply a degree of firm's latitude, as applicable, can be a useful way to address this overall issue. |
| | | 1.3 could we provide some detail or examples? Examples of offences might be useful, particularly mention of tax offenses, social welfare fraud and the fact there is 3.1 no de-minimis 3.2 Examples of terrorist financing offenses might also be useful? | Not helpful as it stands | At least requires some discussion on standing of the PSC. Requests for salary information ahead of an offer of credit and other limits to CDD which DP would expect. |
| | 4.4.1 | Examples of sectors that involve significant amounts of cash Example of relevant links to PEPs Consider a paragraph after 4.6.1 describing ability to transfer ownership - i.e. bearer shares, cryptocurrencies, 4.6 purchase of high value goods, art, etc. Include a paragraph on purpose of the relationship - outlining purposes that present higher risks and something to 4.7 the effect that ordinary savings accounts present relatively minor AML risks Insert a paragraph on duration of relationship risk, which articulates the low risks printed in old CDD for long standing customers (many pensioners) and the threat to close such accounts being disproportionate to the AML risk they pose - not to mention highly upsetting to the customer/member! | Examples would be useful; pubs, shops, service stations, taxi firms, beauty/nail parlours, professional begging, etc... what might constitute a relevant link to a PEP; i.e. those with significant standing within the political party of a PEP reference corruption indices ? | |
| | 4.8.1 | | | Experience is that CBI expect a weighting of risks to be done , this merely suggests firms consider it - can we seek clarification? |
| | 4.8.4 | Where words such as "regularly" are used it is helpful if guidance suggests what the duration is expected to be - or if it is linked to a risk basis - to suggest that. | | |
| | 4.8.4 | "Establishing a culture of information sharing" is a relatively new concept in this context - it might require some examples of items to help demonstrate such a culture | | |
| | 4.8.5 | | | |
| | 5.2.1 | Linking the first bullet points to the CDD that applies would be useful, i.e. "knows what to expect", is met by seeking details as to the nature and purpose of the relationship and establishing source of wealth/funds, "is alert to risks", is 5.2 met by establishing if a person is a PEP or presents a high risk of AML | CDD then becomes a longer list of requirements than the common error out there - that is simply getting a passport and a bill. | |
| | 5.2.1 | Change "compile detailed documented assessments" to "Document the assessment..." | Unreasonable and potentially unmeasurable expectations being set by use of "detailed" | See separate note on suggestion to not prescribe a list of ID & address docs |
| | 5.2.2 | | | Credit unions offer services where it could be assumed that no beneficial owner was involved , yet they have been significantly impacted by calls to seek and establish beneficial owners including the requirement to ask on all application forms if there are beneficial owners and establish beneficial ownership on existing accounts. Some guidance here may help clarify expectations - such as "firms may have classes of customer where there would be no reasonable expectation of a BO, but should where in the course of its normal dealings it becomes apparent a BO may be involved the firm must update its records..." |
| | 5.2.3 | Example s where 33 (5) may apply would be useful | Examples are useful where presented in 5.2.4 directly below! | |
| | 5.2.4 | First bullet (would be worth noting here that establishing salary is deemed excessive) Fifth bullet- addition of "(where the customer is self employed)" | Might be deemed excessive otherwise | |
| | 5.3 | "review any known information on the customer" is very broad. Suggest wording to the effect of "Take steps to look into the reputation of the customer, such as through use of commercial databases or publically available information and local knowledge | | |
| | 5.3 | Take out footnote 13 | Suggest the use of an example list of triggers provides guidance - and is substantially easier to follow by staff than asking them to think outside the box? i.e. requests for new products/devices, thresholds, reactivation of accounts, changes in circumstances, etc.. | |
| | 5.4 | Examples of triggers would be useful here 5th bullet (and then 5.5 EDD) does not provide examples of what might cause a recategorisation of a customer as high risk , such as links to high risk jurisdictions or other high risk activities? | | 5th Bullet - Is this suggesting the mandatory purchase of PEPs databases - at least indirectly? |
| | 5.4.1 | 5.4 Does not give examples of when SDD might be applied This and 5.9 present the same information - should they be amalgamated into a section called EDD (including in 5.5 relation to High Risk Third countries) ? | | Does this suggest that triggers only really apply to cases of SDD? |
| | 5.6.1 | Is there a minimum expectation as to frequency of PEP screening i.e., at least annually - then this should be provided | | |
| | 5.6.2 | Any timelines for sign-off on PEP relationships - can we allow limited transactions ahead of sign-off? | | |
| | 5.6.3 | Similar to the previous comment, some guidance as to what would be regarded a high risk pep relationship would be useful here. | | Nothing on differentiating domestic PEPs from foreign, EU PEPs from global PEPs and treatment of high risk jurisdiction PEPs - which UK guidance has recently done. |
| | 5.7 | | | |
| | 5.7.2 | Typo on Correspondent as "respondent" (repeated several times) | | |
| | 5.9 | No examples of other high risk scenarios provided - would seem to sit better with information presented in 5.5 | | Bullet 3 - I like the idea that resort to tax/vat returns from customers be linked to identified high risk scenarios - does CBI apply this consistently? |
| | 6.2.1 | Bullet 2 - Senior management approval of all procedures seems an excessive level of detail for senior mgmt. Bullet 4 - "regular" used without guidance as to how often is meant or at least a minimum frequency. | | |
| | 6.3.1 | Bullet 2 (1) change be produced to be presented Delete bullet 2 (2) Additional examples of what should be included in the MLRO report would be useful, i.e. adequacy of resourcing, aml/ctf issues identified, actions taken to address issues, AML assessment of new products/services, upstream events, etc. | MLRO in cu's and other firms may not actually "produce" the report Covered by proposed change to bullet one | |

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| 6.4 | | | |
| 6.6 | typo of footnote 18 | | |
| 7.2 | Bullet 5 - change "another loan of similar amounts" to just "other loans." | they are actually likely to be for a larger amount the next time! | Very retail focused and small end list of suspicions - most significant ML activity would be outside of these channels, i.e. use of complex structures and instruments, dodgy professionals, correspondent relationships, property transactions, etc... |
| 7.3 | or surely "after the transaction" sometimes too? Immediately file an str suggests no time for MLRO investigation of that STR? Cant use "immediately" - unrealistic expectation | | |
| 7.5 | Would be helpful to provide the Revenue address here | | would be even better if revenue had access to GO AML directly! |
| 7.6 | addition of an additional example of "or refuses a transaction" as another action not being grounds for tipping off | Clarity on this would be useful | |
| 8.1 | Inclusion of the word training before the bulleted list "Firms should ensure they provide training to all employees, directors and agents which covers at least the": | Otherwise merely reading the policy may be deemed to fulfil bullet one - which is unlikely the intention | |
| 8.2 | Should this first paragraph sit in 8.1 as it relates more to that point. This section then becomes the second & third paragraph on role specific and tailored training | Otherwise difficult to read if this is suggesting training in addition to 8.1 above for staff. If that is the intention then it needs to be more clearly put. I.e. b inclusion of "in addition..." at beginning of 8.2 | |
| 8.4 | Bullet 3 - reword to suggest "the firm reviews and updates training" | Senior management would not ordinarily review and ensure all training materials were updated - very operational | |
| 8.6 | typo - missing an "or" | | |
| 8.8. | Remove "at the end" | Assessment can be during a training event, can be made up of roles plays or scenarios and does not have to be a multiple choice exam | What happens if someone does not pass the assessment? Difficult enough to get everyone through training the first time without this |
| 9.2.7 | "staff" should read "all officers" 4th bullet - remove "at the end" | Otherwise reads as limited to staff only Assessment can be during a training event | |
| 10.1 | FS | | Does this wording suggest there an obligation to inform the FIU of a false/positive or positive hit? |
| Final Comment | Verification of ID & V - electronic method v paper method | To create consistency of approach and not to cause huge annoyance to customers who would not know what was needed for any given provider they approached, (and also to avoid the possible temptation for firms to create shortcuts or abuse privacy legislation in CDD to try to gain competitive advantage), that a standard one + one approach apply, (i.e. the retention of one document to verify ID, and one for address), at least to the retail sector". Firms whose business model did not support such an approach (i.e. non retail, non-domestic, wholesale) can then justify their departure from this approach. There are many benefits to electronic verification – and it is the future – but it will create very negative customer reactions for those firms who do not support it initially and I think many CU's may be adversely affected commercially – convenience being a very significant driver in consumer behaviour. | |