



BERMUDA MONETARY AUTHORITY

FURTHER GUIDANCE

CORPORATE SERVICE PROVIDERS - UNLIMITED ACTIVITIES REPUTATION OF BERMUDA (GATEKEEPER ROLE)

14 JUNE 2017

I. REPUTATION OF BERMUDA (GATEKEEPER ROLE)

1. Corporate Service Providers (CSPs) that carry on activities in relation to company formation, partnership establishment or the transfer or issuance of shares or partnership interest are expected to develop and implement policies and procedures to address the mitigation of reputational risks that may bring the CSP or Bermuda into disrepute if the risks are not addressed appropriately.
2. These gatekeeper obligations, while independent of the obligations in respect of Money Laundering (ML) and Terrorist Financing (TF) and Bermuda's sanctions regulations should be seen as complimentary to ML/TF vetting and the sanctions screening process.
3. The mere existence of policies and procedures does not address the full obligations of the corporate service provider. The Board and senior management must create a culture of compliance ensuring staff adhere to the CSPs policies, procedures and controls which have been designed to limit and control the risks that the CSP presents to the jurisdiction and secondly for its own business reputation.

II. POLICIES AND PROCEDURES FOR GATEKEEPER ROLE

4. The CSPs policies and procedures for the gatekeeper function should include, but not be limited to, the following:
 - a. Use of two search engines, independent of each other, for all vetting.
 - b. Procedures covering the detailed vetting process for beneficial owners holding 10% or more in a Bermuda entity, inclusive of the requirement for such persons to complete a personal declaration.
 - c. As part of the review process to assess fitness and propriety of beneficial owners and persons exercising significant control, procedures covering how the CSP will review the request, complete due diligence checks, address any adverse information which should include an escalation process, all of which is in addition to AML/ATF checks, covering such subjects as:
 - i. Personal conduct;
 - ii. Previous criminal activity;
 - iii. Previous sanctions from other professional or regulatory bodies; and
 - iv. The overall risk to the jurisdiction.
 - d. Procedures noting all due diligence results, including any adverse information found, should be maintained at the corporate service provider's offices to fulfil any requests or inspections by the Bermuda Monetary Authority.
 - e. Procedures outlining what documentation should be in place to support any vetting decisions and making it available to the Bermuda Monetary Authority upon request.

- f. In the event that due diligence checks are outsourced to a third party, procedures addressing a robust oversight process.
- g. All vetting checks and decisions should be reviewed by a knowledgeable person, as part of an oversight process. Procedures reflecting the oversight process inclusive of how the oversight is evidenced.

The corporate service provider should be mindful of the proportionality principle in establishing the policies and procedures.