BERMUDA MONETARY AUTHORITY

1st February 2016

NOTICE

Guidance Notes for Anti-Money Laundering & Anti-Terrorist Financing (AML/ATF) Regulated Financial Institutions on AML/ATF

BACKGROUND

The Bermuda Monetary Authority (the Authority) has undertaken a review of the Guidance Notes for Anti-Money Laundering and Anti-Terrorism Financing (AML/ATF GN) to ensure compliance with the revised 40 recommendations that were published in 2012 by the Financial Action Task Force (FATF).

In early 2014 the Authority reviewed the structure and efficacy of the AML/ATF GN, identified a number of gaps and made recommendations to improve the document. The AML/ATF GN needed to comply with the FATF recommendations, as well as reflect the changes made to the Bermuda AML/ATF Regulations which were passed in Bermuda's Parliament in December 2015 (and came into force on 1st January 2016). The legislative changes ensure Bermuda can achieve technical compliance with the 40 FATF recommendations. The National Anti-Money Laundering Committee (NAMLC) had engaged industry regarding these changes during 2014 and 2015. Areas of concern raised by industry were few, but as they related to the Authority's supervisory oversight of financial services, the key areas were dealing with provisions covering enhanced due diligence and their recommendation that NAMLC or other competent authorities produce a list of higher risk countries, a clear definition in legislation on the role of the reporting and compliance officer, concern over the requirement for an independent audit function, and the identification of Politically Exposed Persons (PEPs).

The revised AML/ATF GN took on board the aforementioned matters, as well as more guidance relating to interpretation and application of the Proceeds of Crime Act 1997 and the Proceeds of Crime (Anti-money Laundering and Anti-terrorist financing) Regulations 1998 and anti-terrorist sanctions and legislation, how to create a risk assessment taking into account threats and vulnerabilities, the risk rating of domestic PEPS, the requirement to produce an independent audit at least on an annual basis, and the requirement to appoint a compliance officer from institutions' senior management.

CONSULTATION

The Authority is inviting comments from all stakeholders on the "Guidance Notes for Anti-Money Laundering & Anti-Terrorist Financing (AML/ATF) Regulated Financial Institutions on AML/ATF".

The consultation period is 30 days and ends on 1st March 2016. Comments should be sent to policy@bma.bm and include the words “AML/ATF Guidance Notes” in the subject of the e-mail.