



20-January-2020

REF: AML-2020/1

REGULATORY REMINDER

ANTI-MONEY LAUNDERING / COMBATING FINANCING OF TERRORISM AND PROLIFERATION (AML/CFT & PF)

OUTSOURCING OF AML/CFT & PF COMPLIANCE FUNCTION

1.0 The Financial Services Commission (**Commission**) reminds financial institutions that in accordance with section 8 of the AML/CFT Guidelines (**Guidelines**), prior approval of the Commission must be sought and obtained for the outsourcing of the AML/CFT compliance function.

2.0 Section 8 of the Guidelines states:

The FSC recognises, however, that the designation of a Compliance Officer or the creation of an internal audit department may create difficulties for some small financial institutions. Where this is not possible, a financial institution may, subject to the FSC's agreement, outsource the operational aspects of the compliance or internal audit function to a person or, firm that is not involved in the auditing or accounting functions of the financial institution.

Notwithstanding, the responsibility for compliance with the MLFTA and the guideline remains that of the financial institution and the requirements of this section will extend to the agent. A financial institution must always be ready to respond to the FSC and the FIU on AML/CFT & PF issues.

- 3.0 Applications should be made to the Commission providing full details of the proposed arrangements. This application must include:
- a) List of proposed functions to be outsourced.
 - b) Copy of the proposed contract between the financial institution and the proposed person (agent).
 - c) Details of the qualifications, training and experience of the agent.
 - d) Provisions made to facilitate onsite inspections by the Commission.
 - e) Details of information sharing and record keeping responsibilities of the financial institution and the agent.
- 4.0 The Commission reserves the right to request additional information during its consideration of the application.
- 5.0 The Commission wishes to remind financial institutions that notwithstanding, the responsibility for compliance with the Money Laundering and Financing of Terrorism (Prevention and Control) Act and the Guidelines remains that of the financial institution and the requirements will extend to the agent. A financial institution must always be ready to respond to the Commission and the Financial Intelligence Unit on AML/CFT and PF issues.