AMENDMENTS TO THE AML/CFT/CPF GUIDELINES
ISSUED BY THE
FINANCIAL SERVICES COMMISSION
REVISED OCTOBER 2021

REFERENCE GUIDE TO THE AMENDMENTS OF THE PRIOR AML/CFT & PF GUIDELINES

Reference	Section	Rationale
N/A	Various	Amendments were made throughout the Guidelines as follows: References to AML/CFT & PF were amended to AML/CFT/CPF as per FATF Recommendation 2 - National Cooperation and Coordination (updated October 2020), and references to ML/FT & PF were amended to ML/FT/PF accordingly.
N/A	Various	Amendments were made throughout the Guidelines as follows: References to the term 'Proliferation' were amended to include the term 'Proliferation Financing' as per FATF Recommendation 1 - Assessing risks and applying a risk-based approach (updated October 2020).
Page 7, 8, 10	Interpretation	An amendment was made to the section to include the following; • FATF definition • CFATF definition • FATF definition for "proliferation financing risks" for compliance with the requirements of FATF Recommendation 1.
3.2	Financing of Terrorism Page 12	An amendment was made to the following paragraph by replacing the word "Bank" with the word "financial institution". The financial institution's role is to safeguard against access to financing by individuals and entities who may be involved in or supporting terrorism.
3.3	Financing of Proliferation (PF) of Weapons of Mass Destruction Page 13	The following paragraph was inserted immediately after the second paragraph. The FATF Recommendations places obligations on countries as it relates to implementing targeted

		financial sanctions to comply with United Nations Security Council resolutions relating to the prevention, suppression and disruption of proliferation of weapons of mass destruction and its financing (Recommendation 7). The role of the financial institution is to identify, assess and take effective action to mitigate their proliferation financing risks.
3.4	International Initiatives Page 13	The first paragraph was amended to insert a reference to the October 2020 update to FATF Recommendations 1 & 2.
4.0	Legislative and Regulatory Framework Page 14	This section was amended to remove reference to the Transnational Organised Crime (Prevention and control) Act, 2011-3, which was appealed by the Trafficking in Persons Prevention Act, 2016.
5.0	The Role of the Board and Senior Management Page 16	The following requirement - financial institutions that are parent companies or financial holding companies should implement group-wide AML/CFT/CPF programmes that encompass branches and majority owned subsidiaries, was added to the section for consistency with fellow regulators. Section 5.0 is amended by inserting immediately after subsection (i) the following new subsection (ii). Financial Institutions that are parent companies or financial holding companies with branches and majority-owned subsidiaries should implement a group-wide AML/CFT/CPF programme. The Parent of the financial group should take responsibility for establishing appropriate oversight and reporting structures. This is to ensure that the group-wide policies, procedures and processes are communicated, implemented and monitored on a group-wide basis across all branches, subsidiaries, as well as any elements of the business that have been outsourced. The group-wide AML/CFT/CPF programme should be implemented at the level of branches and majority-owned subsidiaries and should include:

		a. Policies and procedures for sharing information required for the purposes of CDD and ML/FT/PF risk management; b. Group-level compliance, audit, and/or AML/CFT/CPF functions should be provided with customer, account, and transaction information from branches and subsidiaries when necessary for AML/CFT/CPF purposes. c. The monitoring of significant customer relationships and their transaction activity on a consolidated basis; d. The monitoring of significant customer relationships and their transaction activity on a consolidated basis; e. The different risk factors posed by each line of business and customers; f. The sharing of information on the identity of customers and their transactions and activities across the entire group; and g. Adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off. In accordance with the FATF Standards[1] where the minimum AML/CFT/CPF requirements of the host country are less strict than those of Barbados, as the home country, the financial institution is required to apply appropriate additional measures to manage ML/TF/PF risks and to report to the Financial Services Commission on the AML /CFT/CPF gaps in the host jurisdiction and the measures taken to mitigate the risks. The Financial Services Commission will then make a determination on the required course of action where additional measures are not sufficient. This would include placing additional controls, such as requesting the financial group to close its operations in the host country.

[1] Interpretive Note to Recommendation 18 – FATF Standards

		The previous subsection iv is incorporated at point ‘g’.
5.1	Risk-based Approach Page 18	The first paragraph was amended to include a reference to the new section 6.9 as follows: Other than sections 6.8 and 6.9 of this guideline where reduced due diligence and simplified measures may be warranted and some procedures may not be necessary, financial institutions should develop programmes against money laundering and the financing of terrorism financing.
5.1	Risk-based Approach Page 20	The paragraph commencing with ‘ *In keeping with section 17 of the MLFTA, financial institutions must apply customer due diligence standards on a risk-sensitive basis’….*, reference to the new section 6.9 was inserted at lines 6 and 7.
6.0	Customer Due Diligence Page 22	The paragraph commencing ‘*For the purposes of this guideline, the financial institution must seek to identify the customer and all those who exercise control over the account/transaction. A customer includes:’* The word ‘natural’ was inserted immediately before the word ‘person’ in sub-section (ii), to provide clarity on beneficial owner.
6.2	Corporate Customer Page 25	Sub-section (e) (ii) amended the minimum shareholding requirements from 10% to 20% as per the Guideline for the Application and Interpretation of the Term “Beneficial Ownership” and the Identification of Beneficial Owners of Companies, issued by The Corporate Affairs and Intellectual Property Office in July 2021. If the company is privately owned, identity must be sought on persons with a minimum of 20% shareholding.

6.4	Enhanced Due Diligence Page 26	The third paragraph was amended to include the words ‘or independently of any call to do so’. In order to mitigate the risks, financial institutions should apply appropriate countermeasures to any country that appears on the list or when called upon to do so by FATF and CFATF or independently of any call to do so.
6.9	Simplified Measures Page 35	The guideline was amended by inserting immediately after section 6.8, the following new section to clarify that simplified measures can be applied by financial institutions where the situation warrants. **Simplified Measures**[2] Financial institutions may take simplified measures to manage and mitigate risks if lower risks have been identified in the risk assessment. To implement simplified measures, the following criteria must apply: i. Policies, controls and procedures, approved by senior management are implemented to manage and mitigate the risk identified; ii. The implementation of controls are monitored and enhanced, where necessary; iii. Enhanced measures are implemented to mitigate higher risks, where identified.
9.0	Record Keeping Page 39	The first paragraph was amended to include the words ‘beneficial ownership information’. To demonstrate compliance with the MLFTA and to facilitate investigations undertaken by the FIU, financial institutions must establish a document retention policy that provides for the maintenance of a broad spectrum of records, including those related to customer identification, beneficial

[2] Technical Compliance Assessment – Recommendation 1 - FATF Methodology 1.12

		ownership information, business transactions, internal and external reporting and training.
12.1	Insurance Page 44	The second paragraph was amended to include a requirement that the financial institution should conduct CDD measures as soon as the beneficiary is identified or designated.[3] A new paragraph was inserted that requires the financial institution to include the beneficiary of a life insurance policy as a relevant risk factor in determining whether enhanced CDD measures are applicable.[4] The third paragraph was amended to include a requirement that the financial institution should take reasonable measures to determine whether the beneficial owner of a beneficiary is a PEP[5].
Appendices	1. Coverage of Activities of Financial Institutions 2. Additional References 3. Summary of Administrative Sanctions 4. Approved Persons for Certification of Customer Information 5. Virtual Asset Service Providers – Red Flag Indicators	Four Appendices were reinserted in the updated guidelines. The term 'such other group of persons as the Commission determines" is included in Appendix 4 - Approved Persons for Certification of Customer Information A new Appendix 5 inserted as guidance to virtual asset service providers when identifying suspicious activities.

[3] Ibid. Recommendation 10 - FATF Methodology 10.12
[4] Ibid. Recommendation 10 - FATF Methodology 10.13
[5] Ibid. Recommendation 12 - FATF Methodology 12.4